

**TLOKWE
CITY COUNCIL
NW402**

**ANNUAL
FINANCIAL
STATEMENTS
2015 / 2016**

ANNUAL FINANCIAL STATEMENTS
FOR
TLOKWE CITY COUNCIL
FOR THE YEAR ENDED 30 JUNE 2016

PROVINCE : NORTH WEST

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the Annual Financial Statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements of deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the income from services, rates and grants for continued funding of operations. The Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the Tlokwe City Council has neither the intention or the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's Annual Financial Statements.

The Annual Financial Statements set out on pages 1 to 111, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2016 and were signed on its behalf by:


DR N.E. BLAAI-MOKGETHI: MUNICIPAL MANAGER

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board.

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2016 the municipality has adopted the accounting framework as set out above.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy clause 9.2 on *Revenue from Exchange Transactions* and Accounting Policy clause 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

1. BASIS OF PRESENTATION (continued)

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.

1.2.3 Impairment of Financial Assets

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. Management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of impairment loss calculation are provided in Notes 4 and 6 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy clause 2.3 and 3.2 the municipality depreciates its Property, Plant and Equipment and Intangible Assets over the estimated useful lives of assets, which is determined when assets are brought into use. The useful lives of assets are based on industry knowledge.

1.2.5 Defined Benefit Plan Liabilities

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 17 to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

1. BASIS OF PRESENTATION (continued)

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP or IFRS.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ GRAP 18 Segment Reporting
- ◆ GRAP 20 Related Party Disclosures
- ◆ GRAP 32 Service Concession Arrangements
- ◆ GRAP 108 Statutory receivables
- ◆ GRAP 109 Accounting by Principals and Agents
- ◆ Improvements to Standards of GRAP

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance.

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.1 Initial Recognition (continued)

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary asset is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

2.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property, Plant and Equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.3 Depreciation (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Infrastructure		Other	
Roads and Paving	5 – 80	Buildings	5 – 60
Car Parks, Bus Terminals and Taxi Ranks	10 – 50	Motor Vehicles	5 – 20
Electricity	3 – 80	Abattoirs	10 – 30
Water	10 – 60	Office Equipment	2 – 20
Sewerage	5 – 60	Furniture and Fittings	2 – 20
Street lights	15 – 40		
Housing	5 – 50	Airports	20 – 50
Landfill Sites	15	Security Measures	3 – 10
Community		Plant and Equipment	2 – 20
Improvements	10 – 50	Other Plant and Equipment	2 – 20
Recreational Facilities	5 – 60	Markets	30
Museums and Art Galleries	5 – 60		

2.4 Land

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

2.5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.8 Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.9 Derecognition of Property, Plant and Equipment

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

2.10 Impairment

2.10.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 Impairment (continued)

2.10.1 Impairment of Cash Generating Assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.10.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 Impairment (continued)

2.10.2 Impairment of Non-cash Generating Assets (continued)

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Distinguishing non-cash-generating assets from cash-generating assets.

Cash-generating assets are assets that are held with the primary objective of generating a commercial return. Assets will generate a commercial return when the entity intends to generate positive cash flows from the asset similar to a profit-orientated entity. Non-cash-generating assets are primarily held for service delivery purposes.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

3. INTANGIBLE ASSETS (continued)

3.1 Initial Recognition (continued)

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;

- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / GRAP 21.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

3. INTANGIBLE ASSETS (continued)

3.2 Subsequent Measurement, Amortisation and Impairment (continued)

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

4. INVESTMENT PROPERTY (continued)

4.1 Initial Recognition (continued)

- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;
- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

4.2 Subsequent Measurement

After initial recognition, an entity that chooses the cost model shall measure all of its investment property in accordance with the Standard of GRAP on Property, Plant and Equipment's requirements for that model.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

5. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

5.1 Financial Assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with GRAP 104 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

FINANCIAL INSTRUMENTS

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or
- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available-for-sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

5. FINANCIAL INSTRUMENTS (Continued)

5.1 Financial Assets - Classification (continued)

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.

5.2 Financial Liabilities – Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

5. FINANCIAL INSTRUMENTS (Continued)

5.2 *Financial Liabilities - Classification (continued)*

Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104 the *Financial Liabilities* of the municipality are all classified as "Other Financial Liabilities".

5.3 *Initial and Subsequent Measurement*

5.3.1 *Financial Assets:*

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

5.3.2 *Financial Liabilities:*

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

5.4 *Impairment of Financial Assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

5. FINANCIAL INSTRUMENTS (Continued)

5.4 Impairment of Financial Assets (continued)

Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial Performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made in accordance with IAS 104.62 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

5. FINANCIAL INSTRUMENTS (Continued)

5.4 Impairment of Financial Assets (continued)

Traffic fines Debtors are stated at cost less a provision for impairment. Paragraph 6.1 of the Public Prosecution Act determines that warrants of arrest issued in terms of section 56 (5) of the Criminal Procedure Act, No. 51 of 1977 in respect of minor traffic offences, have a life span of two (2) years from the date of issue thereof and must be returned to the issuing office if not executed within that period.

Provision for impairment will thus be made for all traffic fines exceeding a period of 24 months after issuing of traffic fines.

5.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- a. Each class of financial instrument is disclosed separately.
- b. Maximum exposure to credit risk not covered by collateral is specified.
- c. Financial instruments covered by collateral are specified.

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 40 to the Annual Financial Statements.

7. INVENTORIES

7.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

7. INVENTORIES (Continued)

7.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

8.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)**

8. NON-CURRENT ASSETS HELD-FOR-SALE (Continued)

8.2 Subsequent Measurement (continued)

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

9. REVENUE RECOGNITION

9.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

9.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

9.2.1 Service Charges

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

9. REVENUE RECOGNITION (continued)

9.2.2 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

9.2.4 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

9.2.6 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

9.2.7 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

9. REVENUE RECOGNITION (continued)

9.3 Revenue from Non-exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.2 Other Donations and Contributions

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use to be recognised on a fair value basis.

9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

9.3.4 Revenue from Traffic Fines

At the time of initial recognition of Traffic Fine revenue it is not appropriate to assume that revenue will not be collected as the entity has an obligation to collect all revenue and this would be contrary to normal business principles. Accordingly, the full amount of Traffic Fines revenue will be recognised after taking into account traffic fines reduced, withdrawn and written off at the initial transaction date.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

10. GOVERNMENT GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that the event will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- ◆ The business or part of a business concerned;
 - ◆ The principal locations affected;
 - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
 - ◆ The expenditures that will be undertaken; and
 - ◆ When the plan will be implemented.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)**

11. PROVISIONS (continued)

- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

12.3 Defined Benefit Plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

12.3.1 Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

12. EMPLOYEE BENEFITS (continued)

12.3 Define Benefit Plans (continued)

12.3.1 Post-retirement HealthCare Benefits (continued)

The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the “*corridor method*”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period.

Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

12.3.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

12.4 Provincially-administered Defined Benefit Plans

The municipality contributes to various National, Local and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 44 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year in which it become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

13. LEASES

13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct

In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13.2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements as concluded before the proclamation of the MFMA in 2004 are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements. Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

14. BORROWING COSTS

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2016 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- ◆ Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ◆ Expect to be repaid in future; or
- ◆ Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

17. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

21. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GRAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2016 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are recognised in accordance with GRAP.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)**

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in Note 50 to the Annual Financial Statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27. COMPARATIVE INFORMATION

27.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year as well as the prior financial year.

27.2 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

28. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

28.1. Housing development fund/Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

28. ACCUMULATED SURPLUS (continued)

Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

29. MERGERS

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

The assets and liabilities that qualify for recognition by the combined entity or transfer and derecognition by the combining entities in a merger are normally governed by the terms and conditions of the binding arrangement. Such assets and liabilities must be part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

29.1. Initial Recognition

As of the merger date, all the assets acquired and liabilities assumed are recognised and measured at their carrying amounts.

The difference between the carrying amounts of the assets acquired and the liabilities assumed and any adjustments required to the basis of accounting, shall be recognised in accumulated surplus or deficit.

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, a provisional amount is recorded in the financial statements for the items for which the accounting is incomplete. During the measurement period, the provisional amounts recognised are adjusted retrospectively at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date.

The measurement period ends as soon as the combined entity receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. The measurement period shall not exceed two years from the merger date.

29.2 Subsequent Measurement

Any assets acquired and any liabilities assumed in a merger are subsequently measured in accordance with the applicable Standards of GRAP.

At the transfer date, the assets acquired and liabilities assumed shall be classified or designated as necessary in order to apply other Standards of GRAP subsequently. Those classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)**

30. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between commitments which are for a period longer than twelve months and those which are for a period shorter than twelve months.

Commitments are disclosed for:

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP. Disclosed commitments only relates to capital commitments.

TLOKWE CITY COUNCIL
Parameters to be completed for Current Year

Name of Authority	TLOKWE CITY COUNCIL
Financial Year-end	30 JUNE 2016
End of Next Period	3 AUGUST 2016
End of Current Year	30 JUNE 2016
End of Previous Year	30 JUNE 2015
End of Base Year	30 JUNE 2014
Current Year	2016
Previous Year	2015
Base Year	2014
Next Financial Year	N/A
Current Financial Year	2015/2016
Previous Financial Year	2014/2015
Comparative Financial Year	2015/16 : 2014/15
Start of Current Year	01 JULY 2015
Start of Previous Year	01 JULY 2014

TLOKWE CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 JUNE 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2015/16 financial period are prescribed by the Accounting Standards Board (ASB).

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

The municipality is situated on the corner of Sol Plaatje and Wolmarans street. It operates within the jurisdiction of the North West Province.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2016	2015
	R	R
Accumulated Surplus / (Deficit) before Appropriations	14,010,511	(33,266,156)
Accumulated Surplus / (Deficit) at the end of the Year	3,774,281,920	3,760,987,734
Expenditure Categories as a percentage of Total Expenses:	%	%
Employee Related Costs	24.22%	24.22%
Remuneration of Councillors	1.40%	1.51%
Depreciation and Amortisation	13.98%	14.84%
Impairment Losses	6.14%	6.50%
Interest Paid	0.21%	0.64%
Bulk Purchases	31.11%	29.80%
Contracted Services	5.09%	5.63%
Grants and Subsidies Paid	4.58%	5.32%
General Expenses	10.27%	9.85%
Loss with Sale / Transfer of Assets	2.99%	1.68%
Current Ratio:		
Accounts Payable Days	31	35
Debtors Days	53	51

The comparative figures for 2015/2016 have been restated due to correction of errors and revaluation of assets.

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income:					
Operating income for the year	1,270,146,975	1,132,037,095	12.20%	1,227,957,629	3.44%
	1,270,146,975	1,132,037,095	12.20%	1,227,957,629	3.44%
Expenditure:					
Operating expenditure for the year	1,256,136,463	1,165,303,251	7.79%	1,234,883,595	1.72%
	1,256,136,463	1,165,303,251	7.79%	1,234,883,595	1.72%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income	130,824,200	118,900,350	10.03%	130,851,717	(0.02)%
Expenditure	-	-	-	-	-
Surplus / (Deficit)	130,824,200	118,900,350	10.03%	130,851,717	
Surplus / (Deficit) as % of income	100.00%	100.00%		100.00%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and include the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income	27,520	12,865	113.91%	66,130	-
Expenditure	6,644,464	6,114,048	8.68%	5,110,361	30.02%
Surplus / (Deficit)	(6,616,944)	(6,101,183)	8.45%	(5,044,231)	
Surplus / (Deficit) as % of income	100%	100%		100%	

3.3 Refuse Services:

Refuse Services are services rendered by the municipality for the collection and disposal of refuse. Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income	40,821,792	38,101,224	7.14%	40,821,791	0.00%
Expenditure	32,019,436	25,771,684	24.24%	32,101,922	(0.26)%
Surplus / (Deficit)	8,802,355	12,329,540	(28.61)%	8,719,869	
Surplus / (Deficit) as % of income	21.56%	32.36%		21.36%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality amounted to R372,501,358 as at 30 June 2016 (2014/2015: R332,146,584). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income	632,807,012	562,002,414	12.60%	632,299,285	0.08%
Expenditure	448,318,903	390,291,290	14.87%	449,690,522	(0.31)%
Surplus / (Deficit)	184,488,109	171,711,124	7.44%	182,608,763	
Surplus / (Deficit) as % of income	29.15%	30.55%		28.88%	

3.5 Water Reticulation and Sewerage Services:

Water is bought in bulk from the Department of Water and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality amounted to R18,241,216 as at 30 June 2016 (2014/2015: R15,096,857). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance Actual/ Budgeted %
Income	266,552,959	189,718,664	40.50%	98,634,026	170.24%
Expenditure	189,553,092	170,407,383	11.24%	75,052,235	152.56%
Surplus / (Deficit)	76,999,867	19,311,281	298.73%	23,581,791	
Surplus / (Deficit) as % of income	28.89%	10.18%		23.91%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R173,910,167 (2014/2015: R243,367,188). Full details of Property, Plant and Equipment are disclosed in Note 6 and Appendices, C and E (2) to the Annual Financial Statements.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2016 R	2015 R
<i>Variance per Category:</i>		
Budgeted surplus / (deficit) before appropriations	(6,925,966)	(53,000,000)
Revenue variances	42,189,346	(39,033,871)
Expenditure variances:		
Employee Related Costs	7,672,736	4,521,370
Remuneration of Councillors	13,491	28,634
Depreciation and Amortisation	(2,902,601)	(2,812,500)
Impairment Losses	-	(8,257,269)
Interest Paid	953,377	1,212,596
Bulk Purchases	2,755,726	1,083,104
Contracted Services	3,099,892	1,562,567
Grants and Subsidies Paid	(6,797,939)	278,639
General Expenses	52,127,566	66,626,158
Sale / Transfer of Assets	(6,005,674)	(5,475,582)
Actual surplus / (deficit) before appropriations	14,010,511	(33,266,156)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a concise explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Variance Actual 2015/16 : 2014/15 R	Budgeted 2015/2016 R	Variance Actual - Budgeted R
Executive and Council	1,123,384	1,635,754	(512,370)	2,477,795	(1,354,411)
Finance and Administration	7,722,204	9,091,836	(1,369,632)	8,396,038	(673,834)
Planning and Development	4,000	-	4,000	-	4,000
Health	-	-	-	-	-
Community and Social Services	621,971	910,791	(288,820)	889,346	(267,375)
Housing	-	551,590	(551,590)	-	-
Public Safety	5,028,369	7,014,303	(1,985,934)	11,575,511	(6,547,142)
Sport and Recreation	13,282,990	10,570,504	2,712,486	16,137,181	(2,854,191)
Environmental Protection	663,356	-	663,356	1,119,395	(456,039)
Waste Management	44,906,488	20,753,033	24,153,455	67,116,634	(22,210,146)
Road Transport	53,165,574	61,733,602	(8,568,028)	54,001,270	(835,696)
Water	47,391,832	67,371,542	(19,979,710)	63,073,385	(15,681,553)
Electricity	46,813,854	63,734,232	(16,920,378)	52,925,944	(6,112,090)
Other	-	-	-	-	-
	220,724,020	243,367,188	(22,643,167)	277,712,499	(56,988,479)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a concise explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2016 amounted to R3,774,281,920 (2014/2015: R3,760,987,734) and is made up as follows:

	2016 R
Capital Replacement Reserve	63,377,148
Accumulated Surplus	3,710,904,772
	<u>3,774,281,920</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2016 was R0 (2014/2015: R1,313)

Refer to Note 16 and Appendix "A" for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted to R164,197,964 as at 30 June 2016 (2014/2015: R162,305,149) and is made up as follows:

	2016 R
Provision for Post-retirement Health Care Benefits Liability	143,821,251
Provision for Long-term Service Awards	11,434,628
Provision for Rehabilitation of Landfill Sites	8,942,085
	<u>164,197,964</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 17 for more detail.

9. CURRENT LIABILITIES

Current Liabilities amounted to R148,064,119 as at 30 June 2016 (2014/2015: R143,610,598) and is made up as follows:

		2016 R
Consumer Deposits	Note 12	17,740,816
Provisions	Note 13	11,683,515
Accounts Payable	Note 14	107,566,643
Unspent Conditional Grants and Receipts	Note 15	11,071,832
Current Portion of Long-term Liabilities	Note 16	1,313
		<u>148,064,119</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment amounted to R3,307,672,125 as at 30 June 2016 (30 June 2015: R3,271,158,572).

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets amounted to R7,139,067 as at 30 June 2016 (30 June 2015: R7,331,960).

Refer to Note 7 for more detail.

12. INVESTMENT PROPERTIES

The net value of Investment Properties amounted to R15,580,000 as at 30 June 2016 (30 June 2015: R15,580,000).

Refer to Note 8 for more detail.

13. HERITAGE ASSETS

The municipality held Heritage Assets to the value of R 53,868,312 as at 30 June 2016 (30 June 2015: R53,855,906).

Refer to Note 9 for more detail.

14. INVESTMENTS

The municipality held Investments to the value of R 43,246,473 as at 30 June 2016 (30 June 2015: R39,419,365).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 10 for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables amounted to R 4,073,366 as at 30 June 2016 (30 June 2015: R5,011,506) and is made up as follows:

	2016 R
Sale of Erven	3,490,118
Capitalised Arrear Services	7,438,153
	<u>10,928,271</u>
Less: Short-term portion included in Current Assets	<u>6,854,905</u>
	<u>4,073,366</u>

Refer to Note 11 for more detail.

16. CURRENT ASSETS

Current Assets amounted to R 670,234,136 as at 30 June 2016 (30 June 2015: R689,100,635) and is made up as follows:

		2016 R
Inventory	Note 2	273,502,814
Trade Receivables from Exchange Transactions	Note 3	131,784,148
Trade Receivables from Non-Exchange Transactions	Note 4	71,871,696
Cash and Cash Equivalents	Note 5	186,220,572
Current Portion of Long-term Receivables	Note 11	<u>6,854,905</u>
		<u>670,234,136</u>

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 15, 24 and 34, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE


Full details of all known events, if any, after the reporting date are disclosed in Note 50.

19. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on a continuous basis.

20. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department and Ducharme Consulting, for without their assistance these Annual Financial Statements would not have been possible.



ACTING CHIEF FINANCIAL OFFICER

31 August 2016

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Note	2016 R	2015 R *
ASSETS			
Current Assets		670,234,136	689,100,635
Inventory	2	273,502,814	305,455,810
Trade Receivables from Exchange Transactions	3	131,784,148	112,159,372
Trade Receivables from Non-Exchange Transactions	4	71,871,696	46,837,959
Cash and Cash Equivalents	5	186,220,572	219,286,515
Current Portion of Long-term Receivables	11	6,854,905	5,360,978
Non-Current Assets		3,431,579,343	3,392,357,309
Property, Plant and Equipment	6	3,307,672,125	3,271,158,572
Intangible Assets		7,139,067	7,331,960
Investment Property	8	15,580,000	15,580,000
Heritage Assets	9	53,868,312	53,855,906
Non-current Investments	10	43,246,473	39,419,365
Long-term Receivables	11	4,073,366	5,011,506
Total Assets		4,101,813,479	4,081,457,944
LIABILITIES			
Current Liabilities		148,064,119	143,610,598
Consumer Deposits	12	17,740,816	15,898,688
Provisions	13	11,683,515	9,169,638
Accounts Payable	14	107,566,643	112,506,190
Unspent Conditional Grants and Receipts	15	11,071,832	6,023,437
Current Portion of Long-term Liabilities	16	1,313	12,645
Non-Current Liabilities		164,197,964	162,306,462
Long-term Liabilities	16	-	1,313
Non-current Provisions	17	164,197,964	162,305,149
Total Liabilities		312,262,083	305,917,060
Total Assets and Liabilities		3,789,551,396	3,775,540,884
NET ASSETS		3,789,551,396	3,775,540,884
Statutory Funds	18	15,269,475	14,553,150
Accumulated Surplus / (Deficit)	19	3,774,281,920	3,760,987,734
Total Net Assets		3,789,551,396	3,775,540,884

* Restatement of prior year figures, due to errors and changes in accounting policies

The prior year's comparative figures have been restated due to the recording of correction of errors. Please refer to Note 37 for details of the restatements mentioned.

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

Budget		Note	Actual	
2015	2016		2016	2015
R	R		R	R
				*
REVENUE				
Revenue from Non-exchange Transactions				
118,903,903	130,851,717	20	130,824,200	118,900,350
53,998,922	6,518,038		89,976,804	53,995,994
5,048,296	4,827,000		4,826,676	5,065,183
349,865	288,678		288,678	349,865
204,165,603	204,634,879	24	208,993,610	203,779,297
-	4,000	25	5,307,283	-
Revenue from Exchange Transactions				
26,340,946	23,700,000	21	19,978,135	26,340,946
7,903,301	9,137,451	21	9,175,045	7,303,079
726,197,199	824,309,393	22	777,569,230	689,242,624
4,643,147	4,107,435	23	4,144,805	4,576,209
23,569,784	19,579,038	26	19,062,509	22,483,549
(50,000)	-		-	-
1,171,070,966	1,227,957,629	Total Revenue	1,270,146,975	1,132,037,095
EXPENDITURE				
286,703,462	311,940,535	27	304,267,799	282,182,092
17,680,320	17,647,311	28	17,633,820	17,651,686
170,125,318	172,652,986	29	175,555,587	172,937,818
67,498,339	5,000,000	30	77,169,443	75,755,608
8,685,032	3,616,840	31	2,663,463	7,472,436
348,326,545	393,498,300	32	390,742,574	347,243,441
67,197,877	66,992,848	33	63,892,956	65,635,310
62,319,937	50,752,685	34	57,550,624	62,041,298
181,463,170	181,179,259	35	129,051,693	114,837,012
14,070,966	31,602,831	36	37,608,505	19,546,548
1,224,070,966	1,234,883,595	Total Expenditure	1,256,136,463	1,165,303,251
(53,000,000)	(6,925,966)	SURPLUS / (DEFICIT) FOR THE YEAR	14,010,511	(33,266,156)

Refer to Appendix E(1) for explanation of budget variances

* Restatement of prior year figures, due to errors and changes in accounting policies

The prior year's comparative figures have been restated due to the recording of correction of errors. Please refer to Note 37 for details of the restatements mentioned.

TLOKWE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

Description	Housing Development Fund	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
Balance at 30 JUNE 2011	12,482,042	3,734,090,241	3,746,572,283
2012			
Restated Balance	12,482,042	3,734,090,241	3,746,572,283
Surplus / (Deficit) for the year	-	(113,799,616)	(113,799,616)
Transfer from Housing Development Fund	395,701	(395,701)	-
Balance at 30 JUNE 2012	12,877,743	3,619,894,924	3,632,772,667
2013			
Restated Balance	12,877,743	3,619,894,924	3,632,772,667
Surplus / (Deficit) for the year	-	(14,638,162)	(14,638,162)
Transfer from Housing Development Fund	509,173	(509,173)	-
Correction of Error (Note 37)	-	9,572,628	9,572,628
Balance at 30 JUNE 2013	13,386,916	3,614,320,217	3,627,707,133
2014			
Restated Balance	13,386,916	3,614,320,217	3,627,707,133
Surplus / (Deficit) for the year	-	112,547,791	112,547,791
Transfer from Housing Development Fund	559,318	(559,318)	-
Correction of Error (Note 37)	-	(27,381,396)	(27,381,396)
Change in Accounting Policy (Note 39)	-	58,896,017	58,896,017
Balance at 30 JUNE 2014	13,946,234	3,757,823,311	3,771,769,545
2015			
Restated Balance	13,946,234	3,757,823,311	3,771,769,545
Surplus / (Deficit) for the year	-	(33,266,156)	(33,266,156)
Transfer from Housing Development Fund	606,915	(606,915)	-
Correction of Error (Note 37)	-	37,037,494	37,037,494
Balance at 30 JUNE 2015	14,553,150	3,760,987,734	3,775,540,884
2016			
Restated Balance	14,553,150	3,760,987,734	3,775,540,884
Surplus / (Deficit) for the year	-	14,010,511	14,010,511
Transfer from Housing Development Fund	716,325	(716,325)	-
Balance at 30 JUNE 2016	15,269,475	3,774,281,920	3,789,551,395

Details on the movement of the Funds and Reserves are set out in Note 18 and 19

TLOKWE CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R	2015 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		1,264,839,692	1,132,037,095
Assessment Rates		130,824,200	118,900,350
Sale of goods and services		777,569,230	689,242,624
Grants		208,993,610	203,779,297
Interest received		29,153,180	33,644,025
Other Receipts		118,299,472	86,470,800
Cash paid to Suppliers and Employees		(1,099,137,841)	(976,407,252)
Employee Cost		321,901,619	299,833,778
Suppliers		583,687,222	527,715,764
Interest paid		2,663,463	7,472,436
Other payments		190,885,537	141,385,273
Cash generated from / (utilised in) Operations	40	165,701,850	155,629,843
Interest received	21	29,153,180	33,644,025
Interest paid	31	(2,663,463)	(7,472,436)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		192,191,567	181,801,432
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) / decrease of Property, Plant and Equipment and Intangible assets	6,7	(220,861,970)	(244,181,665)
(Increase) / decrease in Non-current Investments	10	(3,827,108)	(3,479,430)
(Increase) / decrease in Long-term Receivables	11	(555,787)	(6,786,776)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(225,244,865)	(254,447,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans obtained	16	-	-
Loans repaid	16	(12,645)	(84,667,141)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(12,645)	(84,667,141)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5	(33,065,943)	(157,313,580)
Cash and Cash Equivalents at the beginning of the year		219,286,515	376,600,095
Cash and Cash Equivalents at the end of the year		186,220,572	219,286,515

TLOKWE CITY COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016

2015/2016										
Description	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Over Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
FINANCIAL POSITION										
Current Assets										
Inventories	-	-	273,502,814	273,502,814	273,502,814	-	-	0%	100%	0%
Receivables from Exchange Transactions	-	-	131,784,148	131,784,148	131,784,148	-	-	0%	100%	0%
Receivables from Non-exchange Transactions	-	-	71,871,696	71,871,696	71,871,696	-	-	0%	100%	0%
Cash and Cash Equivalents	-	-	186,220,572	186,220,572	186,220,572	-	-	0%	100%	0%
Current Portion of Long-term Receivables	-	-	6,854,905	6,854,905	6,854,905	-	-	0%	100%	0%
Non-Current Assets										
Property, Plant and Equipment	-	-	3,307,672,125	3,307,672,125	3,307,672,125	-	-	0%	100%	0%
Intangible Assets	-	-	7,139,067	7,139,067	7,139,067	-	-	0%	100%	0%
Investment Property	-	-	15,580,000	15,580,000	15,580,000	-	-	0%	100%	0%
Heritage Assets	-	-	53,868,312	53,868,312	53,868,312	-	-	0%	100%	0%
Non-current Investments	-	-	43,246,473	43,246,473	43,246,473	-	-	0%	100%	0%
Long-term Receivables	-	-	4,073,366	4,073,366	4,073,366	-	-	0%	100%	0%
Total Assets	-	-	4,101,813,478	4,101,813,478	4,101,813,478	-	-			
Current Liabilities										
Consumer Deposits	-	-	17,740,816	17,740,816	17,740,816	-	-	0%	100%	0%
Provisions	-	-	11,683,515	11,683,515	11,683,515	-	-	0%	100%	0%
Payables	-	-	107,566,643	107,566,643	107,566,643	-	-	0%	100%	0%
Unspent Conditional Grants and Receipts	-	-	11,071,832	11,071,832	11,071,832	-	-	0%	100%	0%
Current Portion of Long-term Liabilities	-	-	1,313	1,313	1,313	-	-	0%	100%	0%
Non-Current Liabilities										
Long-term Liabilities	-	-	-	-	-	-	-	0%	0%	0%
Non-current Provisions	-	-	164,197,964	164,197,964	164,197,964	-	-	0%	100%	0%
Total Liabilities	-	-	312,262,083	312,262,083	312,262,083	-	-			
Total Assets and Liabilities	-	-	3,789,551,395	3,789,551,395	3,789,551,395	-	-			
Net Assets (Equity)										
Statutory Funds	-	-	15,269,475	15,269,475	15,269,475	-	-	0%	100%	0%
Accumulated Surplus / (Deficit)	-	-	3,774,281,920	3,774,281,920	3,774,281,920	-	-	0%	100%	0%
Total Net Assets	-	-	3,789,551,396	3,789,551,396	3,789,551,396	-	-			

TLOKWE CITY COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016

2015/2016										
Description	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Over Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
FINANCIAL PERFORMANCE										
Revenue from Non-exchange Transactions										
Property Rates	132,501,649	(1,649,932)	-	130,851,717	130,824,200	-	(27,517)	0%	100%	99%
Fines	10,572,900	(4,054,862)	-	6,518,038	89,976,804	-	83,458,766	1280%	1380%	851%
Licences and Permits	4,500,000	327,000	-	4,827,000	4,826,676	-	(324)	0%	100%	107%
Income for Agency Services	325,000	(36,322)	-	288,678	288,678	-	0	0%	100%	89%
Government Grants and Subsidies Received	181,582,000	23,052,879	-	204,634,879	208,993,610	-	4,358,731	2%	102%	115%
Public Contributions and Donations	3,000	1,000	-	4,000	5,307,283	-	5,303,283	132582%	132682%	176909%
Revenue from Exchange Transactions										
Service Charges	814,630,052	9,679,341	-	824,309,393	777,569,230	-	(46,740,163)	-6%	94%	95%
Rental of Facilities and Equipment	4,107,190	245	-	4,107,435	4,144,805	-	37,370	1%	101%	101%
Interest Earned - External Investments	16,800,000	6,900,000	-	23,700,000	19,978,135	-	(3,721,865)	-16%	84%	119%
Interest Earned - Outstanding Debtors	6,280,800	2,856,651	-	9,137,451	9,175,045	-	37,594	0%	100%	146%
Income Forgone	(125,000)	125,000	-	-	-	-	-	0%	0%	0%
Other Income	19,707,720	(128,682)	-	19,579,038	19,062,509	-	(516,529)	-3%	97%	97%
Total Revenue	1,190,885,311	37,072,318	-	1,227,957,629	1,270,146,975	-	42,189,346			
Expenditure										
Employee Related Costs	344,354,515	(32,413,980)	-	311,940,535	304,267,799	-	7,672,736	-2%	98%	88%
Remuneration of Councillors	19,970,778	(2,323,467)	-	17,647,311	17,633,820	-	13,491	0%	100%	88%
Depreciation and Amortisation	169,367,988	3,284,998	-	172,652,986	175,555,587	2,902,601	(2,902,601)	2%	102%	104%
Impairment Losses	5,000,000	-	-	5,000,000	77,169,443	72,169,443	(72,169,443)	1443%	1543%	1543%
Finance Costs	-	3,616,840	-	3,616,840	2,663,463	-	953,377	-26%	74%	0%
Bulk Purchases	404,823,300	(11,325,000)	-	393,498,300	390,742,574	-	2,755,726	-1%	99%	97%
Contracted Services	57,933,514	9,059,334	-	66,992,848	63,892,956	-	3,099,892	-5%	95%	110%
Grants and Subsidies Paid	36,962,000	13,790,685	-	50,752,685	57,550,624	6,797,939	(6,797,939)	13%	113%	156%
General Expenses and Maintenance	196,371,192	(15,191,933)	-	181,179,259	129,051,693	-	52,127,566	-29%	71%	66%
Loss on Disposal of Property, Plant and Equipment	-	31,602,831	-	31,602,831	37,608,505	6,005,674	(6,005,674)	19%	119%	0%
Total Expenditure	1,234,783,287	100,308	-	1,234,883,595	1,256,136,463	87,875,657	(21,252,868)			
Surplus/(Deficit)	(43,897,976)	36,972,010	-	(6,925,966)	14,010,511	(87,875,657)	20,936,477			

TLOKWE CITY COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016

2015/2016										
Description	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Over Expenditure	Variance	% Variance Budget to Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R		R	R	R		R	R	R
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	2,477,795	-	-	2,477,795	1,123,384	-	1,354,411	-55%	45%	45%
Finance and Administration	8,396,038	-	-	8,396,038	7,722,204	-	673,834	-8%	92%	92%
Planning and Development	-	-	-	-	4,000	4,000	(4,000)	0%	0%	0%
Health	-	-	-	-	-	-	-	0%	0%	0%
Community and Social Services	889,346	-	-	889,346	621,971	-	267,375	-30%	70%	70%
Housing	-	-	-	-	-	-	-	0%	0%	0%
Public Safety	11,575,511	-	-	11,575,511	5,028,369	-	6,547,142	-57%	43%	43%
Sport and Recreation	16,137,181	-	-	16,137,181	13,282,990	-	2,854,191	-18%	82%	82%
Environmental Protection	1,119,395	-	-	1,119,395	663,356	-	456,039	-41%	59%	59%
Waste Management	67,116,634	-	-	67,116,634	44,906,488	-	22,210,146	-33%	67%	67%
Road Transport	54,001,270	-	-	54,001,270	53,165,574	-	835,696	-2%	98%	98%
Water	63,073,385	-	-	63,073,385	47,391,832	-	15,681,553	-25%	75%	75%
Electricity	52,925,944	-	-	52,925,944	-	-	52,925,944	-100%	0%	0%
Other	-	-	-	-	-	-	-	0%	0%	0%
Total Sources of Capital Funds	277,712,499	-	-	277,712,499	173,910,167	4,000	103,802,332			
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Property Rates	132,501,649	(1,649,932)	-	130,851,717	130,824,200	-	27,517	0%	100%	99%
Grants	181,582,000	23,052,879	-	204,634,879	208,993,610	-	(4,358,731)	2%	102%	115%
Service Charges	814,630,052	9,679,341	-	824,309,393	777,569,230	-	46,740,163	-6%	94%	95%
Interest Received	23,080,800	9,756,651	-	32,837,451	29,153,180	-	3,684,271	-11%	89%	126%
Other Receipts	39,212,810	3,892,621	-	43,105,431	118,299,472	-	(75,194,041)	174%	274%	302%
Employee Related Costs	(364,325,293)	34,737,447	-	(329,587,846)	(321,901,619)	7,686,227	(7,686,227)	-2%	0%	0%
Interest Paid	-	(3,616,840)	-	(3,616,840)	(2,663,463)	953,377	(953,377)	-26%	0%	0%
Suppliers Paid	(659,128,006)	17,457,599	-	(641,670,407)	(583,687,222)	57,983,185	(57,983,185)	-9%	0%	0%
Other Payments	(23,080,800)	(9,756,651)	-	32,837,451	(190,885,537)	-	190,885,537	0%	0%	0%
Interest received	-	(3,616,840)	-	32,837,451	29,153,180	-	3,684,271	-11%	89%	0%
Interest paid	-	-	-	(3,616,840)	(2,663,463)	953,377	(953,377)	-26%	0%	0%
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(220,861,970)	-	-	(220,861,970)	(220,861,970)	-	-	0%	0%	0%
Decrease / (Increase) in Non-current Investments	(3,827,108)	-	-	(3,827,108)	(3,827,108)	-	-	0%	0%	0%
Decrease / (Increase) in Long-term Receivables	(555,787)	-	-	(555,787)	(555,787)	-	-	0%	0%	0%
Cash Flows from/(used in) Financing Activities										
Loans repaid	(12,645)	-	-	(12,645)	(12,645)	-	-	0%	0%	0%
Cash and Cash Equivalents at End of the Year	(80,784,298)	79,936,275	-	64,826,879	(33,065,943)	67,576,165	97,892,822			

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Non-current Assets Held-for-Sale:

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Receivables from Exchange Transactions:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Receivables from Non-exchange Transactions:
Budget and financial statements are compiled on different accounting basis, (budget on cash basis and financial statements on accrual basis).

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Cash and Cash Equivalents: Budget and financial statements are compiled on different accounting basis. (budget on cash basis and financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Current Portion of Long-term Receivables:

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Property, Plant and Equipment:
Budget and financial statements are compiled on different accounting basis. (budget on cash basis and financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Intangible Assets:
Budget and financial statements are compiled on different accounting basis. (budget on cash basis and financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Investment Property:
Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Non-current investments:
Budget and Annual financial statements are compiled on different accounting basis. (Budget on cash basis and Annual financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

Long-term Receivables:
Budget and Annual financial statements are compiled on different accounting basis. (Budget on cash basis and Annual financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis (Budget on cash basis and Annual Financial Statements on accrual basis)

Consumer Deposits:
Budget and Annual financial statements are compiled on different accounting basis. (Budget on cash basis and Annual financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis (Budget on cash basis and Annual Financial Statements on accrual basis)

Provisions:
Budget and Annual financial statements are compiled on different accounting basis. (Budget on cash basis and Annual financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis (Budget on cash basis and Annual Financial Statements on accrual basis)

Payables:
Budget and financial statements are compiled on different accounting basis. (Budget on cash basis and financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis (Budget on cash basis and Annual Financial Statements on accrual basis)

Insistent Conditional Grants and Receipts:
Budget and Annual financial statements are compiled on different accounting basis. (Budget on cash basis and Annual financial statements on accrual basis)

Budget and Annual Financial Statements are compiled on different accounting basis (Budget on cash basis and Annual Financial Statements on accrual basis)

Current Portion of long-term liabilities:

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis).

Long-term liabilities:
Budget and Annual financial statements are compiled on different accounting basis, (budget on cash basis and Annual financial statements on accrual basis)

Long term liabilities:

Budget and Annual Financial Statements are compiled on different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)

TLOKWE CITY COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

30 JUNE 2016

Description	2015/2016						
	Original Total Budget	Budget Adjustments	Basis Differences (Cash Basis)	Final Budget	Actual Outcome	Over Expenditure	Variance
	R	R		R	R	R	R
Non-current Provisions: Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)							
Statutory Funds: Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)							
Reserves: Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)							
Accumulated Surplus / (Deficit): Budget and Annual Financial Statements are compiled on different a different accounting basis. (Budget on cash basis and Annual Financial Statements on accrual basis)							
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual For reasons for Variances greater than 10% between Approved Budget and Actual Amount, are as follow:							
Purchase of Property, Plant and Equipment Under spending on capital budgets							
Cash Flow: Explanation of Variances between Approved Budget and Actual Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:							
Interest Received Additional investments as budgeted, were not made.							
Other Receipts Fines budgeted on cash basis and not accrual based							
Financial Performance: Explanation of Variances between Approved Budget and Actual For reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance, are as follow:							
Fines Budgeted on cash basis and not accrual based							
Public Contributions and Donations Donations received not expected							
Interest Earned - External Investments Investments decreased from original calculations.							
Impairment Losses Movement in provision for impairment							
Grants and Subsidies Paid Decrease in Indigent grant							
Loss on Disposal of Property, Plant and Equipment Disposal/Transfer of PPE and Land more than expected							

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL INFORMATION

Tlokwe City Council is a local government institution in Potchefstroom, North West Province. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

2. INVENTORY

	2016 R	2015 R
Stores - at Cost	12,515,054	14,599,021
Land Stock	260,648,410	290,501,030
Water - at Cost	339,350	355,759
Total Inventory	273,502,814	305,455,810

Stores

Reconciliation

Opening Balance	14,599,021	15,630,991
Prior period error	-	(62,261)
Stock received	15,498,021	21,963,524
Stock issued	(17,738,039)	(22,699,263)
Stock adjustment / (write off)	156,051	(233,970)
Closing Balance	12,515,054	14,599,021

Land Stock

Reconciliation

Opening Balance	290,501,030	338,814,360
Prior period error	-	(38,027,960)
Stock purchases & subdivisions	-	249,630
Stock transfers	(29,852,620)	(10,535,000)
Closing Balance	260,648,410	290,501,030

Water

Reconciliation

Opening Balance	355,759	329,231
Stock received	18,241,216	14,802,696
Stock issued	(18,257,625)	(14,776,167)
Closing Balance	339,350	355,759

This reconciliation consists of consumables stores, maintenance materials and spare parts.

Inventory has been restated to adhere to the disclosure provisions for Assets classified as Held-for-Sale. Refer to Note 37 on "Correction of Error" for details of the restatement.

Inventory is net of specific provisions for obsolescence.

Inventory deficits to the value of R 804 814 (2015: R 601 100) and inventory surpluses to the value of R 960 865 (2015: R 367 130) was identified at year end. This resulted in inventory being increased with a net amount of R 156 051 (2015: R 233 970) at year end.

3. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2016			
Service Debtors:	141,455,408	38,580,634	102,874,774
Electricity	92,353,349	24,946,849	67,406,500
Refuse	7,575,241	2,103,358	5,471,883
Sewerage	12,285,379	3,411,185	8,874,194
Water	29,241,438	8,119,242	21,122,196
Other Debtors	34,160,487	5,251,113	28,909,373
Total Consumer Debtors	175,615,895	43,831,747	131,784,148

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

As at 30 JUNE 2015	Gross Balances R	Provision for Impairment R	Net Balances R
Service Debtors:	124,256,679	32,754,418	91,502,262
Electricity	80,919,001	21,326,927	59,592,074
Refuse	6,438,039	1,697,614	4,740,425
Sewerage	11,272,837	2,972,477	8,300,360
Water	25,626,803	6,757,401	18,869,402
Other Debtors	24,793,498	4,136,387	20,657,110
Total Consumer Debtors	149,050,177	36,890,805	112,159,372

Consumer Debtors are billed monthly, normally on the 23 rd of each month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A Credit Control Debt Collection and Indigent By-law has been approved by council to ensure recovery of Consumer Debtors.

The municipality receives applications for water and electricity connections that it processes. Deposits are required to be paid for all water and electricity accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

	2016 R	2015 R
3.1 Ageing of Consumer Debtors		
<i>Electricity: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	80,210,198	68,780,881
<u><i>Past Due:</i></u>		
31 - 60 Days	982,703	1,934,012
61 - 90 Days	688,775	729,442
91 - 120 Days	544,329	379,360
+ 120 Days	9,927,343	9,095,306
Total	92,353,349	80,919,001
<i>Refuse: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	3,332,230	2,473,180
<u><i>Past Due:</i></u>		
31 - 60 Days	364,441	493,942
61 - 90 Days	240,845	270,097
91 - 120 Days	220,419	184,617
+ 120 Days	3,417,306	3,016,203
Total	7,575,241	6,438,039
<i>Sewerage: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	4,431,879	3,428,585
<u><i>Past Due:</i></u>		
31 - 60 Days	430,199	580,666
61 - 90 Days	394,242	361,953
91 - 120 Days	363,439	348,388
+ 120 Days	6,665,621	6,553,246
Total	12,285,379	11,272,837
<i>Water: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	14,862,600	12,545,229
<u><i>Past Due:</i></u>		
31 - 60 Days	756,856	1,095,205
61 - 90 Days	660,573	603,763
91 - 120 Days	631,785	552,759
+ 120 Days	12,329,624	10,829,847
Total	29,241,439	25,626,803

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3.2 Summary of Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
As at 30 JUNE 2016					
<i>Current:</i>					
0 - 30 days	(6,654,409)	(349,853)	(10,819,099)	(335,966)	(18,159,327)
<i>Past Due:</i>					
31 - 60 Days	43,651,647	9,542,394	13,011,115	2,459,268	68,664,425
61 - 90 Days	7,232,237	752,436	3,439,674	989,387	12,413,734
+ 90 Days	3,117,939	553,542	871,920	571,956	5,115,357
+ 120 Days	87,021,345	7,413,253	7,380,441	5,766,668	107,581,707
Sub-total	134,368,760	17,911,771	13,884,050	9,451,314	175,615,895
Less: Provision for Impairment	33,536,928	4,470,576	3,465,302	2,358,941	43,831,747
Total Debtors Classification	100,831,833	13,441,195	10,418,748	7,092,372	131,784,148

As at 30 JUNE 2015

<i>Current:</i>					
0 - 30 days	(5,603,819)	(506,594)	(442,263)	(252,649)	(6,805,325)
<i>Past Due:</i>					
31 - 60 Days	37,099,730	7,757,452	10,033,538	2,458,388	57,349,108
61 - 90 Days	5,233,140	914,119	1,627,858	819,955	8,595,073
+ 90 Days	2,968,572	339,848	789,923	439,927	4,538,270
+ 120 Days	64,250,797	6,616,745	8,305,907	6,199,603	85,373,052
Sub-total	103,948,420	15,121,570	20,314,963	9,665,224	149,050,177
Less: Provision for Impairment	25,727,852	3,742,678	5,028,074	2,392,200	36,890,805
Total Debtors Classification	78,220,568	11,378,891	15,286,889	7,273,024	112,159,372

3.3 Reconciliation of the Provision for Impairment

	2016 R	2015 R
Balance at beginning of year	36,890,805	59,669,959
Impairment Losses - Consumer Debtors	6,940,942	(22,779,154)
Balance at end of year	43,831,748	36,890,805

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Indigent consumer debtors written off during the 2014/2015 financial year amounted to R26 053 304. No Indigent consumer debtors was written off during the 2015/2016 financial year .

4. TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2016 R	2015 R
Assessment Rates debtors	30,420,584	31,655,625
Traffic Fines Receivable	238,523,853	154,479,799
Payments made in Advance	29,141	(61,541)
Sundry Debtors	20,370,112	20,381,031
VAT	27,545,145	15,815,802
	316,888,835	222,270,716
Less: Provision for Impairment	(245,017,139)	(175,432,757)
Total Trade Receivables from Non-Exchange Transactions	71,871,696	46,837,959

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Other Debtors have been restated to correctly classify amounts to be included in Other Debtors. Refer to Note 37 on "Correction of Error" for details of the restatement.

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2016			
Service Debtors:	30,420,584	8,020,397	22,400,187
Assessment Rates	30,420,584	8,020,397	22,400,187
Total Assessment Rates Debtors	30,420,584	8,020,397	22,400,187

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2015			
Service Debtors:	31,655,625	8,532,924	23,122,701
Assessment Rates	31,655,625	8,532,924	23,122,701
Total Assessment Rates Debtors	31,655,625	8,532,924	23,122,701

4.1. Ageing of Consumer Debtors

	2016 R	2015 R
<i>Rates: Ageing</i>		
<u><i>Current:</i></u>		
0 - 30 days	12,847,350	8,751,172
<u><i>Past Due:</i></u>		
31 - 60 Days	1,679,292	2,325,077
61 - 90 Days	1,246,602	1,866,401
91 - 120 Days	1,042,283	1,408,423
+ 120 Days	13,605,056	17,304,552
Total	30,420,583	31,655,625

4.2. Reconciliation of the Provision for Impairment

Balance at beginning of year	175,432,757	116,872,572
Impairment Losses - Consumer Debtors	512,527	(3,151,536)
Impairment Losses - Traffic Fines	69,071,855	61,711,721
Balance at end of year	245,017,139	175,432,757

5. CASH AND CASH EQUIVALENTS

	2016 R	2015 R
Bank, Cash and Cash Equivalents	53,495,417	44,688,438
Current Investment Deposits	132,725,155	174,598,077
Total Cash and Cash Equivalents	186,220,572	219,286,515

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
5.1 Current Investment Deposits		
Call Deposits	-	-
Notice Deposits	132,725,155	174,598,077
Total Current Investment Deposits	132,725,155	174,598,077

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 4.25 % to 7.80 % per annum.

The Municipality has the following bank accounts:

5.2 Bank Accounts

Primary Bank Account

Absa Bank Limited (Potchefstroom) & Nedbank Bank Limited (Pretoria) - Account number 680000093 & 1497222400

Cash book balance at beginning of year	19,604,942	39,972,877
Cash book balance at end of year	<u>27,257,977</u>	<u>19,604,942</u>
Bank statement balance at beginning of year	69,238,851	98,324,204
Bank statement balance at end of year	<u>76,698,227</u>	<u>69,238,851</u>

Current Account (Housing Account)

Absa Bank Limited - Potchefstroom Branch - Account number 4055584178

Cash book balance at beginning of year	13,649,229	13,003,469
Cash book balance at end of year	<u>14,352,976</u>	<u>13,649,229</u>
Bank statement balance at beginning of year	13,481,263	13,023,413
Bank statement balance at end of year	<u>14,042,829</u>	<u>13,481,263</u>

Current Account (Council Grant Funds)

Absa Bank Limited - Potchefstroom Branch - Account number 4055583287

Cash book balance at beginning of year	11,381,654	10,995,264
Cash book balance at end of year	<u>11,853,346</u>	<u>11,381,654</u>
Bank statement balance at beginning of year	11,381,654	10,995,264
Bank statement balance at end of year	<u>11,853,346</u>	<u>11,381,654</u>

5.3 Cash and Cash equivalents

Cash Floats and Advances	31,192	31,192
Other Cash Equivalents	(75)	21,420
Cash on hand in Cash Floats, Advances and Equivalents	<u>31,117</u>	<u>52,612</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 01 JULY 2015	836,206,303	2,302,221,264	191,790,687	66,013,136	37,572,222	-	3,433,803,612
Cost	836,206,303	4,343,979,800	325,453,243	150,176,791	82,527,175	-	5,738,343,312
- Completed Assets	836,206,303	4,343,979,800	325,453,243	150,176,791	82,527,175	-	5,738,343,312
- Under Construction	-	-	-	-	-	-	-
Correction of error (Note 37)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:	-	(2,041,758,536)	(133,662,556)	(84,163,655)	(44,954,953)	-	(2,304,539,700)
- Cost	-	(2,041,758,536)	(133,662,556)	(84,163,655)	(44,954,953)	-	(2,304,539,700)
- Correction of error	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-
Revaluations	7,704,491	187,695,577	9,557,214	15,784,190	108,092	-	220,849,564
Capital under Construction - Additions	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	(22,635,916)	(119,379,315)	(15,894,586)	(13,338,023)	(3,754,238)	-	(175,002,078)
- Based on Cost	(22,635,916)	(119,379,315)	(15,894,586)	(13,338,023)	(3,754,238)	-	(175,002,078)
- Disposals	-	-	-	-	-	-	-
Carrying value of Disposals:	(2,239,965)	(6,752,476)	(251,072)	(90,421)	-	-	(9,333,934)
- Cost	(2,239,965)	(15,679,822)	(311,630)	(326,752)	-	-	(18,558,169)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	8,927,346	60,558	236,331	-	-	9,224,235
- Based on Cost	-	8,927,346	60,558	236,331	-	-	9,224,235
- Based on Revaluation	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Transfer of Land	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Carrying values at 30 JUNE 2016							
Cost	656,389,873	2,363,785,050	185,202,243	68,368,883	33,926,076	-	3,307,672,125
- Completed Assets	841,670,829	4,515,995,556	334,759,385	165,870,560	82,635,267	-	5,940,931,597
- Under Construction	841,670,829	4,515,995,556	334,759,385	165,870,560	82,635,267	-	5,940,931,597
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:							
- Cost	(185,280,956)	(2,152,210,506)	(149,557,142)	(97,501,677)	(48,709,191)	-	(2,633,259,472)
- Revaluation	(185,280,956)	(2,152,210,506)	(149,557,142)	(97,501,677)	(48,709,191)	-	(2,633,259,472)
Carrying values at 01 JULY 2014							
Cost	684,791,452	2,220,618,685	198,640,938	64,648,138	40,992,788	-	3,209,692,000
- Completed Assets	825,829,423	4,144,428,622	316,563,472	135,028,555	82,128,827	-	5,503,978,899
- Under Construction	799,660,247	4,105,144,682	275,176,827	134,609,164	81,903,192	-	5,396,494,112
Correction of error (Note 37)	-	-	-	-	-	-	-
Revaluation	26,169,176	39,283,940	41,386,646	419,391	225,635	-	107,484,787
Accumulated Impairment Losses	-	-	-	-	-	-	-
Accumulated Depreciation:							
- Cost	(141,037,971)	(1,923,962,851)	(117,922,535)	(70,380,417)	(41,136,039)	-	(2,294,439,813)
- Correction of error (Note 37)	(137,170,749)	(1,910,820,585)	(110,365,454)	(70,582,308)	(41,107,622)	-	(2,270,046,718)
	(3,867,222)	(13,142,266)	(7,557,081)	201,891	(28,418)	-	(24,393,096)
							-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Leased Infra-structure	Total
Acquisitions	R 10,899,510	R 206,454,497	R 9,084,302	R 16,530,531	R 398,348	R -	R 243,367,188
Revaluations	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-
- <i>Cost</i>	-	-	-	-	-	-	-
- <i>Borrowing Costs Capitalised</i>	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	(21,607,069)	(117,795,685)	(15,740,022)	(13,783,237)	(3,818,914)	-	(172,744,927)
- <i>Based on Cost</i>	(21,607,069)	(117,795,685)	(15,740,022)	(13,783,237)	(3,818,914)	-	(172,744,927)
- <i>Based on Revaluation</i>	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-
- <i>Cost</i>	(522,630)	(6,903,319)	(194,531)	(1,382,295)	-	-	(9,002,775)
- <i>Revaluation</i>	(522,630)	(19,705,011)	(230,388)	(3,848,698)	-	-	(24,306,728)
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	12,801,692	35,857	2,466,404	-	-	15,303,953
- <i>Based on Cost</i>	-	12,801,692	35,857	2,466,404	-	-	15,303,953
- <i>Based on Revaluation</i>	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-
- <i>Cost</i>	-	-	-	-	-	-	-
- <i>Revaluation</i>	-	-	-	-	-	-	-
- <i>Accumulated Impairment Losses</i>	-	-	-	-	-	-	-
- <i>Accumulated Depreciation</i>	-	-	-	-	-	-	-
- <i>Based on Cost</i>	-	-	-	-	-	-	-
- <i>Based on Revaluation</i>	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R
Carrying values at 30 JUNE 2015							
Cost	673,561,263	2,302,221,264	191,790,687	66,013,136	37,572,222	-	3,271,158,572
- Completed Assets	836,206,303	4,344,160,883	325,453,243	150,176,791	82,527,175	-	5,738,524,395
- Correction of error (Note 37)	836,206,303	4,344,160,883	325,453,243	150,176,791	82,527,175	-	5,738,524,395
Revaluation	-	-	-	-	-	-	-
Correction of error (Note 37)	-	-	-	-	-	-	-
Accumulated Depreciation:	(162,645,040)	(2,041,792,781)	(133,662,556)	(84,163,655)	(44,954,953)	-	(2,467,218,985)
- Cost	(162,645,040)	(2,041,792,781)	(133,662,556)	(84,163,655)	(44,954,953)	-	(2,467,218,985)
- Correction of error (Note 37)	-	-	-	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)	2016	2015
	R	R
6.1 Carrying Amount of Property, Plant and Equipment		
Land and Buildings	656,389,873	673,561,263
Infrastructure	2,363,785,050	2,302,221,264
Community	185,202,243	191,790,687
Other	68,368,883	66,013,136
Housing Development scheme	33,926,076	37,572,222
Carrying Value	3,307,672,125	3,271,158,572

6.2 Assets pledged as security

No assets have been pledged as security.

6.3 Impairment of Property, Plant and Equipment:

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values are disclosed.

6.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

The Remaining Useful Life of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Change in Useful Life were not calculated separately and therefore no changes in values are disclosed.

6.5 Land and Buildings carried at Fair Value

Land and Buildings were revalued to fair value by using independent registered valuers. The effective date of revaluation was 01 July 2009. The NHBRC indices, which indicate current building costs, were used to determine replacement values.

6.6 Property, Plant and Equipment (Work in Progress):

Work in progress for the year ending 30 June 2016 consisted out of the following:

	2016	2015
	R	R
Roads	23,580,560	33,817,342
Electricity	25,743,436	28,112,919
Sewer	38,429,708	23,296,670
Water	39,690,167	31,235,772
Balance at end of year	127,443,872	116,462,703

7. INTANGIBLE ASSETS	2016	2015
	R	R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	7,139,067	7,331,960

The movement in Intangible Assets is reconciled as follows:

	Computer Software R	Valuation Roll R	Service and Operating rights R	Total R
Carrying values at 01 JULY 2015	7,331,960	-	-	7,331,960
Cost	8,658,289	-	-	8,658,289
Accumulated Amortisation	(1,326,329)	-	-	(1,326,329)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Purchased during the Year:	-	-	-	-
Purchased	-	-	-	-
Internally Developed	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	(192,893)	-	-	(192,893)
Purchased	(192,893)	-	-	(192,893)
Internally Developed	-	-	-	-
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Carrying values at 30 JUNE 2016	7,139,067	-	-	7,139,067
Cost	8,658,289	-	-	8,658,289
Accumulated Amortisation	(1,519,222)	-	-	(1,519,222)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Carrying values at 01 JULY 2014	6,710,375	-	-	6,710,375
Cost	9,547,724	-	-	9,547,724
Accumulated Amortisation	(1,133,437)	-	-	(1,133,437)
Accumulated Impairment Losses	-	-	-	-
Acquisitions during the Year:	814,477	-	-	814,477
Purchased	814,477	-	-	814,477
Transfer from Property, Plant and Equipment	-	-	-	-
Work-in-Progress at Year-end	-	-	-	-
Increases in Revaluations during the Year	-	-	-	-
Amortisation during the Year:	(192,892)	-	-	(192,892)
Purchased	(192,892)	-	-	(192,892)
Transfer from Property, Plant and Equipment	-	-	-	-
Impairment Losses during the Year	-	-	-	-
Disposals during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Decreases in Revaluations during the Year	-	-	-	-
Reversal of Impairment Losses during the Year	-	-	-	-
Transfers during the Year:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Amortisation	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Carrying values at 30 JUNE 2015	7,331,960	-	-	7,331,960
Cost	8,658,289	-	-	8,658,289
Accumulated Amortisation	(1,326,329)	-	-	(1,326,329)
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8. INVESTMENT PROPERTY

	2016 R	2015 R
At Fair Value		
At Cost less Accumulated Depreciation	<u>15,580,000</u>	<u>15,580,000</u>

The movement in Investment Property is reconciled as follows:

Carrying values beginning of the year	15,580,000	15,580,000
Cost	15,580,000	14,050,000
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Correction of error (Note 37)	-	1,530,000
Capitalised	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Carrying values at year end	15,580,000	15,580,000
Cost	15,580,000	15,580,000
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Estimated Fair Value of Investment Property at 30 June	<u>15,580,000</u>	<u>15,580,000</u>

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

9. HERITAGE ASSETS

	2016 R	2015 R
At Cost less Accumulated Impairment Losses		
Total	<u>53,868,312</u>	<u>53,855,906</u>

The movement in Heritage Assets is reconciled as follows:

	Cultural Buildings	Museum Collectables	National Monuments	Total
Carrying values at 01 July 2015	-	38,562,756	15,293,150	53,855,906
Cost	-	38,562,756	15,293,150	53,855,906
Accumulated Revaluation	-	-	-	-
Accumulated Impairment	-	-	-	-
Acquisitions	-	12,406	-	12,406
Work-in-Progress at Year-end	-	-	-	-
Reversal of Impairment Losses	-	-	-	-
Increases in Revaluations	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Impairment Losses Recognised	-	-	-	-
Decreases in Revaluations	-	-	-	-
Disposals:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Transfers:	-	-	-	-
At Cost	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
At Accumulated Revaluation	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
At Accumulated Impairment	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
Carrying values at 30 June 2016	-	38,575,162	15,293,150	53,868,312
Cost	-	38,575,162	15,293,150	53,868,312
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Carrying values at 01 July 2014	-	38,562,756	15,293,150	53,855,906
Cost	-	43,602,867	15,293,150	58,896,017
Accumulated Revaluation	-	-	-	-
Correction of error (Refer to Note 37)	-	(5,040,111)	-	(5,040,111)
Accumulated Impairment	-	-	-	-
Acquisitions	-	-	-	-
Work-in-Progress at Year-end	-	-	-	-
Reversal of Impairment Losses	-	-	-	-
Increases in Revaluations	-	-	-	-
Impairment Losses Recognised	-	-	-	-
Decreases in Revaluations	-	-	-	-
Disposals:	-	-	-	-
At Cost	-	-	-	-
At Accumulated Revaluation	-	-	-	-
At Accumulated Impairment	-	-	-	-
Transfers:	-	-	-	-
At Cost	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
At Accumulated Revaluation	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
At Accumulated Impairment	-	-	-	-
- Transfer To Assets Held-For-Sale	-	-	-	-
- Transfer In	-	-	-	-
- Transfer Out	-	-	-	-
Carrying values at 30 June 2015	-	38,562,756	15,293,150	53,855,906
Cost	-	38,562,756	15,293,150	53,855,906
Accumulated Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The municipality has taken advantage of the transitional provisions in Directive 4 from the Accounting Standards Board with the implementation of GRAP 103. The municipality has identified all Heritage Assets and have it valued in terms of GRAP.

9.1 Significant Heritage Assets not Recognised

There are no significant Heritage assets for which the fair value of these items could not be determined.

9.2 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

10. NON-CURRENT INVESTMENTS

	2016 R	2015 R
Financial Instruments		
Long-term Investments	43,246,473	39,419,365
Total Investments		
All Investments	43,246,473	39,419,365
	<u>43,246,473</u>	<u>39,419,365</u>

The fair value of Investments were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

	2016 R	2015 R
The Long-term investments consist of the following:		
Investec	43,246,473	39,419,365
Other Investments	-	-
	<u>43,246,473</u>	<u>39,419,365</u>

11. LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2016			
Debtors Capitalised Arrear Services - Arrangements	13,719,464	6,281,311	7,438,153
Sale of Erven	3,490,118	-	3,490,118
	<u>17,209,582</u>	<u>6,281,311</u>	10,928,271
Less: Current Portion transferred to Current Receivables:-			6,854,905
Debtors Capitalised Arrear Services			6,390,318
Sale of Erven			464,587
Total Long-term Receivables			<u>4,073,366</u>

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 JUNE 2015			
Debtors Capitalised Arrear Services - Arrangements	12,425,653	5,677,740	6,747,912
Sale of Erven	3,624,572	-	3,624,572
	<u>16,050,225</u>	<u>5,677,740</u>	10,372,484
Less: Current Portion transferred to Current Receivables:-			5,360,978
Debtors Capitalised Arrear Services			4,960,978
Sale of Erven			400,000
Total Long-term Receivables			<u>5,011,506</u>

DEBTORS CAPITALISED ARREAR SERVICES - ARRANGEMENTS

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

SALE OF ERVEN

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
12. CONSUMER DEPOSITS		
Electricity and Water	17,740,816	15,898,688
Total Consumer Deposits	17,740,816	15,898,688

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

	2016 R	2015 R
13. PROVISIONS		
Performance Bonuses	1,740,867	602,355
Current Portion of Post-retirement Medical Aid Benefits Liability	6,797,244	6,407,364
Current Portion of Long Service Awards Liability:	3,145,404	2,159,919
Total Provisions	11,683,515	9,169,638

Long-Term Service

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

Post-Retirement Health Care Benefits Liability

The municipality provides certain Post-retirement Health Care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The movement in current provisions is reconciled as follows:

Current Portion of Non-Current Provisions:

	Performance Bonuses R
30 JUNE 2016	
Balance at beginning of year	602,355
Contributions to provision	1,138,512
Balance at end of year	1,740,867

30 JUNE 2015

Balance at beginning of year	-
Contributions to provision	602,355
Balance at end of year	602,355

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement Benefit liability R
30 JUNE 2016		
Balance at beginning of year	2,159,919	6,407,364
Transfer from non-current provisions	(2,159,919)	(6,407,364)
Contributions to provision	3,145,404	6,797,244
Balance at end of year	3,145,404	6,797,244

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Long-term Service	Post-retirement Benefit liability
30 JUNE 2015		
Balance at beginning of year	1,358,711	6,085,572
Transfer from non-current provisions	(1,358,711)	(6,085,572)
Contributions to provision	2,159,919	6,407,364
Balance at end of year	2,159,919	6,407,364

	2016 R	2015 R
14. ACCOUNTS PAYABLE		
Accrued leave	18,230,815	17,842,941
Engineering Services Contributions	13,270,390	20,040,458
Payments received in Advance	16,199,419	7,867,796
Payments received in Advance - Halls	109,629	51,855
Payments received in Advance - Prepaid electricity	1,196,431	3,127,041
Retentions	19,787,334	19,157,689
Suspense - Other	4,022,876	1,425,052
Trade Payables	19,496,774	33,039,169
VAT	15,252,973	9,954,188
Total Accounts Payable	107,566,643	112,506,190

The average credit period on purchases should be 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

15.1 Conditional Grants from Government

	9,528,616	4,465,321
National Government Grants	8,134,403	3,681,840
Provincial Government Grants	1,375,698	764,966
Local Government Grants	18,515	18,515
Other Spheres of Government	-	-

15.2 Other Conditional Receipts

	1,543,216	1,558,116
Lotto: Sport Facilities	1,543,216	1,558,116
Total Conditional Grants and Receipts	11,071,832	6,023,437

Refer to Appendix "F" for more detail on Conditional Grants.

16. LONG-TERM LIABILITIES

Annuity Loans		-
Finance Lease Liabilities	1,313	13,958
Sub-total	1,313	13,958
Less: Current Portion transferred to Current Liabilities:-	1,313	12,645
Annuity Loans	-	-
Finance Lease Liabilities	1,313	12,645
Total Long-term Liabilities (Neither past due, nor impaired)	-	1,313

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16.1 Summary of Arrangements

Finance Lease Liabilities relates to IT Equipment with lease terms of 2 years. The effective interest rate on Finance Leases is 3.56%.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

16.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 2 years. The effective interest rate on Finance Leases is 3.56%.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2016 R	2015 R	2016 R	2015 R
Amounts payable under finance leases:				
Within one year	1,360	16,320	1,313	12,645
In the second to fifth years, inclusive	-	1,360	-	1,313
Over five years	-	-	-	-
	<u>1,360</u>	<u>17,680</u>	<u>1,313</u>	<u>13,958</u>
Less: Future Finance Obligations	(47)	(3,722)	-	-
Present Value of Minimum Lease Obligations	<u>1,313</u>	<u>13,958</u>	<u>1,313</u>	<u>13,958</u>
Less: Amounts due for settlement within 12 months (Current Portion)			(1,313)	(12,645)
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			<u>-</u>	<u>1,313</u>

The municipality has finance lease agreements for the following significant classes of assets:

- IT Equipment

Included in these classes are the following significant leases:

- | | |
|--|-----------|
| (i) IT Equipment | R21 700 |
| - Instalments are payable quarterly in advance | |
| - Average period outstanding | 24 months |
| - Average effective interest rate | 3.56% |
| - Average quarterly instalment | R5 440 |

	2016 R	2015 R
17. NON-CURRENT PROVISIONS		
Provision for Post-retirement Health Care Benefits Liability	143,821,251	141,042,984
Provision for Long-term Service Awards	11,434,628	11,825,081
Provision for Rehabilitation of Landfill Sites	8,942,085	9,437,084
Total Non-current Provisions	<u>164,197,964</u>	<u>162,305,149</u>
17.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	147,450,348	143,153,228
Contributions to Provision	3,168,147	4,297,120
Balance at end of Year	<u>150,618,495</u>	<u>147,450,348</u>
Transfer to Current Provisions	(6,797,244)	(6,407,364)
Total Post-retirement Health Care Benefits Liability	<u>143,821,251</u>	<u>141,042,984</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Arch Actuaries, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2016	2015
	R	R
The members of the Post-Retirement Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	694	678
In-service Members (Employees) - Non-members	337	380
Continuation Members (Retirees, widowers and orphans)	182	177
Total Members	1,213	1,235

The liability in respect of past service has been estimated as follows:

In-service Members	60,160,000	60,440,000
In-service non-members	9,147,000	8,699,000
Continuation Members	81,311,000	78,311,000
Total Liability	150,618,000	147,450,000

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Hosmed
- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2016 is estimated to be R5 241 671, whereas the cost for the ensuing year is estimated to be R5 026 638.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.20%	8.84%
Health Care Cost Inflation Rate	8.29%	7.97%
Net Effective Discount Rate	0.84%	0.81%
Expected Rate of Salary Increase	5.85%	6.99%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

	2016	2015
	R	R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	147,450,348	143,153,228
Current service costs	5,241,671	5,096,724
Interest cost	12,754,679	12,389,107
Benefits paid	(6,407,364)	(6,085,572)
Actuarial losses / (gains)	(8,420,839)	(7,103,139)
Present Value of Fund Obligation at the end of the Year	150,618,495	147,450,348
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	150,618,495	147,450,348

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	5,241,671	5,096,724
Interest cost	12,754,679	12,389,107
Actuarial losses / (gains)	(8,420,839)	(7,103,139)
Total Post-retirement Health Care Benefit included in Employee Related Costs (Note 27)	9,575,511	10,382,692

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The history of experienced adjustments is as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Present Value of Defined Benefit Obligation	150,618,495	147,450,348	143,153,228	128,277,171	122,627,664
Deficit	150,618,495	147,450,348	143,153,228	128,277,171	122,627,664

	2016 R	2015 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1,511,800	2,634,300
Effect on the defined benefit obligation	16,806,000	10,057,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(1,857,400)	(2,296,100)
Effect on the defined benefit obligation	(21,419,000)	(11,506,000)

The municipality expects to make a contribution of R6,797 million (2015: R6,407 million) to the Defined Benefit Plans during the next financial year.

The movement in Non-current Provisions are reconciled as follows:

	Long-term Service Awards R	Landfill Sites R
30 June 2016		
Balance at beginning of year	13,985,000	9,437,084
Contributions to provision	595,032	434,106
Reduction due to re-measurement	-	(929,105)
	14,580,032	8,942,085
Transfer to current provisions	(3,145,404)	-
Balance at end of year	11,434,628	8,942,085
30 June 2015		
Balance at beginning of year	12,866,502	10,813,033
Contributions to provision	1,118,498	419,928
Reduction due to re-measurement	-	701,758
Correction of error (Note 37)	-	(2,497,634)
	13,985,000	9,437,084
Transfer to current provisions	(2,159,919)	-
Balance at end of year	11,825,081	9,437,084

17.2 Long-term Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-term Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related Current Service Cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1 031 (2015: 1 058) employees were eligible for Long-Term Services Awards.

The Current Service Cost for the year ending 30 June 2016 is estimated to be R1 230 971, whereas the cost for the ensuing year is estimated to be R1 234 127.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.35%	7.85%
Net Effective Discount Rate	1.24%	0.81%
Expected Rate of Salary Increase	7.02%	6.99%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	13,985,000	12,866,502
Current service costs	1,230,971	1,077,763
Interest cost	1,015,149	959,720
Benefits paid	(2,159,919)	(1,358,711)
Actuarial losses / (gains)	508,831	439,726

Present Value of Fund Obligation at the end of the Year	14,580,032	13,985,000
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Actuarial losses / (gains) unrecognised	-	-
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Total Recognised Benefit Liability	14,580,032	13,985,000
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	2016 R	2015 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1,230,971	1,077,763
Interest cost	1,015,149	959,720
Actuarial losses / (gains)	508,831	439,726
Total Long-term Services Awards included in Employee Related Costs (Note 27)	2,754,951	2,477,209

The history of experienced adjustments is as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Present Value of Defined Benefit Obligation	14,580,032	13,985,000	12,866,502	12,504,329	11,052,856
Deficit	14,580,032	13,985,000	12,866,502	12,504,329	11,052,856

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	186,200	149,900
Effect on the defined benefit obligation	1,580,000	814,000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(171,900)	(135,200)
Effect on the defined benefit obligation	(1,600,000)	(742,000)

17.3 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation costs of R 8 942 085 (2015: R 9 437 084) to restore the site at the end of its useful life, estimated to be in 2033. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate. Landfill Site provision calculation was done by DCR Consulting.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
18. STATUTORY FUNDS		
Housing Development Fund:	15,269,475	14,553,150
Total Statutory Funds	15,269,475	14,553,150

18.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Reconciliation of the Housing Development Fund:

Balance at beginning of year	14,553,149	13,946,234
Revenue:	717,544	607,923
Land Sales	124,414	115,575
Interest on Housing Account	560,197	458,858
Housing Rental Debtors	32,933	33,490
Less: Expenditure:	1,220	1,007
Funding of Operational Projects	1,220	1,007
Balance at end of year	15,269,474	14,553,149

19. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	63,377,148	63,377,148
Accumulated Surplus / (Deficit) due to the results of Operations	3,710,904,772	3,697,610,586
Total Accumulated Surplus	3,774,281,920	3,760,987,734

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

20. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2016	July 2015	2016 R	2015 R
Residential	19,433,322,400	18,366,482,800	66,919,582	60,480,866
Commercial	3,103,547,000	2,978,122,000	33,307,518	30,177,485
Agricultural	3,517,349,000	3,515,029,000	3,211,976	3,017,008
State	1,256,816,000	1,256,816,000	13,768,546	12,986,871
Municipal	12,659,900	12,649,900	46,253	42,667
Exempted Properties	2,376,310,550	2,450,018,550	-	-
Other	3,382,705,500	3,252,885,250	17,921,556	16,497,249
Rebates	-	-	(4,351,232)	(4,301,796)
Total Valuation and Assessment Rates	33,082,710,350	31,832,003,500	130,824,200	118,900,350
Attributable to:				
Continuing Operations			130,824,200	118,900,350
Discontinued Operations			-	-
			130,824,200	118,900,350

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last valuation came into effect 1 July 2012.

Rates are levied monthly on property owners and are payable before the 10th of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

	2016	2015
	R	R
21. INTEREST EARNED		
External Investments:		
Bank Account	3,507,445	3,128,411
Investments	15,910,493	22,753,676
Interest earned on Housing Development Fund	560,197	458,858
	<u>19,978,135</u>	<u>26,340,946</u>
Outstanding Debtors:		
Outstanding Billing Debtors	9,175,045	7,303,079
	<u>9,175,045</u>	<u>7,303,079</u>
Total Interest Earned	<u>29,153,180</u>	<u>33,644,025</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	19,978,135	26,340,946
Loans and Receivables	9,175,045	7,303,079
	<u>29,153,180</u>	<u>33,644,025</u>
Interest Earned on Non-financial Assets	<u>-</u>	<u>-</u>
	<u>29,153,180</u>	<u>33,644,025</u>

22. SERVICE CHARGES

Sale of Electricity	586,799,349	510,472,401
Sale of Water	94,588,666	90,299,219
Refuse Removal	40,821,792	37,868,024
Sewerage and Sanitation Charges	55,359,424	50,602,980
Total Service Charges	<u>777,569,230</u>	<u>689,242,624</u>
Attributable to:		
Continuing Operations	777,569,230	689,242,624
Discontinued Operations	-	-
	<u>777,569,230</u>	<u>689,242,624</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

23. RENTAL OF FACILITIES AND EQUIPMENT

	2016	2015
	R	R
Rental Revenue from Amenities	2,285,182	2,433,085
Rental Revenue from Halls	159,825	244,781
Rental Revenue from Land	732,940	1,026,282
Rental Revenue from Other Facilities	966,858	872,061
Total Rental of Facilities and Equipment	<u>4,144,805</u>	<u>4,576,209</u>
Attributable to:		
Continuing Operations	4,144,805	4,576,209
Discontinued Operations	-	-
	<u>4,144,805</u>	<u>4,576,209</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
24. GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable share	119,625,000	103,856,000
National FMS Grant	1,600,000	1,600,000
National MSI Grant	930,000	934,000
Operational Grants	<u>122,155,000</u>	<u>106,390,000</u>
Conditional Grants	86,838,610	97,389,297
National: MIG	72,575,436	67,866,657
National: NER	-	6,278,402
Provincial: Library Grant	951,164	926,317
Provincial: Promoting Culture Grant	74,630	3,000
Provincial: City Branding Grant	-	2,594
Provincial: LED Township History Grant	274,438	85,203
Provincial: E.P.W.P Grant	1,284,000	1,000,000
Other Spheres of Government: Various Grants	11,678,942	21,227,125
Total Government Grants and Subsidies	<u><u>208,993,610</u></u>	<u><u>203,779,297</u></u>
Attributable to:		
Continuing Operations	208,993,610	203,779,297
Discontinued Operations	-	-
	<u><u>208,993,610</u></u>	<u><u>203,779,297</u></u>
Operational Grants:		
24.1.1. National: Equitable Share	<u>119,625,000</u>	<u>103,856,000</u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R294.45 based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and indigents also receive 80 kWh electricity free every month. An additional 50% rebate is granted to indigents on property tax.		
24.1.2. National: FMS Grant	<u>1,600,000</u>	<u>1,600,000</u>
To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA).		
24.1.3. National: MSI Grant	<u>930,000</u>	<u>934,000</u>
To promote and support reforms in municipal systems by building capacity in municipalities to implement the Municipal Financial Management Act (MFMA).		
24.1.4. Provincial: E.P.W.P Grant	<u>1,284,000</u>	<u>1,000,000</u>
EPWP Projects employ workers on a temporary or on-going basis either by government, by contractors, or by other non-govermental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.		
Conditional Grants:		
24.2 National: MIG Grants		
Balance unspent at beginning of year	2,591,606	13,305,264
Current year receipts	77,028,000	70,453,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(72,575,437)	(67,866,658)
Other Transfers	-	(13,300,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u><u>7,044,169</u></u>	<u><u>2,591,606</u></u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
24.3 National: NER Grants		
Balance unspent at beginning of year	-	13,878,402
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(6,278,402)
Other Transfers	-	(7,600,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>

24.4 LED Constitutional Grant

Balance unspent at beginning of year	122,449	122,449
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(74,630)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>47,819</u>	<u>122,449</u>

24.5 LED Projects Promoting Culture

Balance unspent at beginning of year	74,630	227
Current year receipts	-	100,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(74,630)	(25,597)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>74,630</u>

24.6 LED Projects Tourism Initiative

Balance unspent at beginning of year	284,677	294,677
Current year receipts	-	40,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(193,955)	(50,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>90,722</u>	<u>284,677</u>

24.7 Lotto: Sports Facilities

Balance unspent at beginning of year	-	762,623
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(762,623)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>

24.8 Lotto: Lake Resort

Balance unspent at beginning of year	-	1,594
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(1,594)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
24.9 Lotto: Tshwaraganang		
Balance unspent at beginning of year	263,972	263,972
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>263,972</u>	<u>263,972</u>
24.10 Lotto: Mohadin Stadium		
Balance unspent at beginning of year	506,899	606,649
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(14,900)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(99,750)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>491,999</u>	<u>506,899</u>
24.11 Lotto: Sarafina Sports Facilities		
Balance unspent at beginning of year	787,245	860,425
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(73,180)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>787,245</u>	<u>787,245</u>
24.12 Dr Kenneth Kaunda District Projects		
Balance unspent at beginning of year	18,515	4,018,515
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(4,000,000)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>18,515</u>	<u>18,515</u>
24.13 Provincial: Library Grant		
Balance unspent at beginning of year	-	48,086
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(48,086)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>
24.14 Fire and Emergency Grant		
Balance unspent at beginning of year	20,738	20,738
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>20,738</u>	<u>20,738</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
24.15 Dr Kenneth Kaunda District Dolomite Research Program		
Balance unspent at beginning of year	-	-
Current year receipts	-	2,000,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(2,000,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>
24.16 National - SETA Grant		
Balance unspent at beginning of year	1,090,233	1,090,233
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1,090,233</u>	<u>1,090,233</u>
24.17 Mohadin Library Extension Grant		
Balance unspent at beginning of year	-	71,476
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(71,476)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>
24.18 Extension Main Library		
Balance unspent at beginning of year	-	94,655
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(94,655)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>
24.19 LED - City Branding		
Balance unspent at beginning of year	69,417	72,011
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(2,594)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>69,417</u>	<u>69,417</u>
24.20 Library: Special projects grant		
Balance unspent at beginning of year	-	408,075
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	(408,075)
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>-</u>	<u>-</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
24.21 Sports And Culture Grant		
Balance unspent at beginning of year	179,060	171,375
Current year receipts	1,200,000	400,000
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(246,033)	(392,315)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1,133,027</u>	<u>179,060</u>

24.22 Changes in levels of Government Grants

Based on the allocation set out in the Division of Revenue Act government grant funding is expected to decrease over the following three financial years.

25. PUBLIC CONTRIBUTIONS AND DONATIONS

Donations received	5,307,283	-
Total Public Contributions and Donations	<u>5,307,283</u>	<u>-</u>
Attributable to:		
Continuing Operations	5,307,283	-
Discontinued Operations	-	-
	<u>5,307,283</u>	<u>-</u>

The amounts disclosed above for donations received are in respect of Infrastructure assets received from Dr Kenneth Kaunda District Municipality.

26. OTHER INCOME

Building Plan Fees	1,138,955	1,214,647
Commission Received: NW Province Licenses	7,503,534	6,779,827
Grave Fees	836,401	831,016
Pension Fund: Salary refund	283,435	261,052
Consumer accounts sundry levies	3,751,457	3,148,220
Testing of motor vehicles	758,928	640,653
Training Fees - Training Centre of Fire Services	923,173	3,332,704
Other non material Income	1,975,080	3,651,721
Reconnection Fees	596,669	812,167
Unallocated consumer deposits	1,294,877	1,811,542
Total Other Income	<u>19,062,509</u>	<u>22,483,549</u>
Attributable to:		
Continuing Operations	19,062,509	22,483,549
Discontinued Operations	-	-
	<u>19,062,509</u>	<u>22,483,549</u>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
27. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	190,380,444	180,086,420
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	65,557,359	61,079,586
Travel Allowances	8,329,644	7,871,785
Phone Allowances	835,601	788,404
Housing Benefits and Allowances	4,203,561	1,291,530
Overtime Payments	21,896,640	16,890,249
Performance Bonuses	13,064,549	14,174,118
Total Employee Related Costs	304,267,799	282,182,092
Attributable to:		
Continuing Operations	304,267,799	282,182,092
Discontinued Operations	-	-
	304,267,799	282,182,092
No advances were made to employees.		
Remuneration of the Municipal Manager		
Annual Remuneration	1,243,320	1,164,342.24
Performance Bonus	-	-
Housing Allowance	-	-
Telephone Allowance	18,000	18,000.00
Car Allowance	139,943	131,101
Company Contributions to UIF, Medical and Pension Funds	271,528	254,461
	1,672,792	1,567,904
(Appointed 1 July 2014) - DR. N.E. BLAAI-MOKGETHI		
Remuneration of the Acting Chief Financial Officer		
Annual Remuneration: Acting Allowance	182,088	327,708
Total	182,088	327,708
(Acting from 24 December 2013 to 30 June 2016) - P.N.R. WILGENBUS		
Remuneration of the Manager: Economic Development		
Annual Remuneration	548,189	512,326
Performance Bonus	-	-
Housing Allowance	155,803	145,781
Telephone Allowance	12,000	12,000
Car Allowance	161,147	150,605
Company Contributions to UIF, Medical and Pension Funds	100,459	93,812
Total	977,598	914,524
(Appointed 1 April 2013) - R.T.S. MASITENYANE		
Remuneration of the Manager: Infrastructure		
Annual Remuneration	654,183	803,084
Performance Bonus	-	-
Housing Allowance	242,394	-
Telephone Allowance	12,000	12,000
Car Allowance	70,502	65,890
Company Contributions to UIF, Medical and Pension Funds	162,689	185,179
Total	1,141,768	1,066,154
(Appointed 1 August 2013) - B.M. ZUNGU		
Remuneration of the Manager: Community Services		
Annual Remuneration	571,261	525,795
Performance Bonus	-	-
Housing Allowance	145,574	136,744
Telephone Allowance	-	-
Car Allowance	117,198	109,531
Company Contributions to UIF, Medical and Pension Funds	131,104	126,112
Total	965,136	898,182
(Appointed 4 February 2013) - P.C. LABUSCHAGNE		

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
<i>Remuneration of the Manager: Public Safety</i>		
Annual Remuneration	531,066	496,323
Performance Bonus	-	-
Housing Allowance	160,419	151,197
Telephone Allowance	12,000	12,000
Car Allowance	161,147	150,605
Company Contributions to UIF, Medical and Pension Funds	113,306	105,393
Total	977,938	915,517

(Appointed 1 April 2013) - L.J. NKHUMANE

<i>Remuneration of the Manager: Housing</i>		
Annual Remuneration	524,406	490,099
Performance Bonus	-	-
Housing Allowance	67,078	62,380
Telephone Allowance	12,000	12,000
Car Allowance	170,027	158,904
Company Contributions to UIF, Medical and Pension Funds	142,124	133,227
Total	915,634	856,610

(Appointed 13 December 2013) - M.K.L. MOHLOMI

<i>Remuneration of the Acting Manager: Corporate Services</i>		
Annual Remuneration: Acting Allowance	-	312,993
Total	-	312,993

(Acting from 10 February 2014 to 22 May 2015) - N.U. KLAAS

<i>Remuneration of the Acting Manager: Sports, Arts and Culture</i>		
Annual Remuneration: Acting Allowance	170,370	211,770
Total	170,370	211,770

(Acting from 1 August 2014 to 31 December 2015) - T. SELEKE

<i>Remuneration of the Executive Manager: Sports, Arts and Culture</i>		
Annual Remuneration: Allowance	325,000	-
Performance Bonus	-	-
Housing Allowance	59,378	-
Telephone Allowance	6,000	-
Car Allowance	60,000	-
Company Contributions to UIF, Medical and Pension Funds	73,852	-
Total	524,231	-

(Appointed 1 January 2016) - C.P. Henry

28. REMUNERATION OF COUNCILLORS

Executive Mayor	500,440	563,234
Speaker	650,515	617,690
Councillors Transport Allowance	4,153,360	4,140,865
Company Contributions to UIF, Medical and Pension Funds	1,794,090	1,625,660
Councillors: Housing allowance	999,925	1,080,099
Councillors allowances	9,535,489	9,624,138
Total Councillors' Remuneration	17,633,820	17,651,686

In-kind Benefits

The Executive Mayor, Speaker, Whip, Mayoral Committee Members as well as the chairperson of the Municipal Accounts Committee (MPAC) are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor has use of a Council owned vehicle for official duties and a full time driver.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
29. DEPRECIATION AND AMORTISATION		
Depreciation and Amortisation	175,555,587	172,937,818
Total Depreciation and Amortisation	175,555,587	172,937,818
Attributable to:		
Continuing Operations	175,555,587	172,937,818
Discontinued Operations	-	-
	175,555,587	172,937,818
30. IMPAIRMENT LOSSES		
<i>30.1 Impairment Losses on Financial Assets</i>		
Impairment Losses Recognised:	77,169,443	75,755,608
Consumer Debtors - Recoveries	-	-
Consumer debtors - Provision	7,453,469	(7,079,493)
Consumer debtors - Written off	40,548	34,310,572
Debtors - Arrangements	603,571	(13,187,192)
Traffic Fines Receivable - Provision	69,071,855	61,711,721
Total Impairment Losses	77,169,443	75,755,608
Attributable to:		
Continuing Operations	77,169,443	75,755,608
Discontinued Operations	-	-
	77,169,443	75,755,608
31. FINANCE COSTS		
Loans and Payables at amortised cost	3,154,787	6,343,533
Finance Leases	3,675	7,218
Bank Overdrafts	-	-
Landfill site provision - interest re-measurement	(929,105)	701,758
Landfill site provision - interest	434,106	419,928
Total Interest Expense	2,663,463	7,472,436
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	2,663,463	7,472,436
Attributable to:		
Continuing Operations	2,663,463	7,472,436
Discontinued Operations	-	-
	2,663,463	7,472,436
32. BULK PURCHASES		
Electricity	372,501,358	332,146,584
Water	18,241,216	15,096,857
Total Bulk Purchases	390,742,574	347,243,441

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
33. CONTRACTED SERVICES		
Audit Services	4,643,101	3,720,897
Consulting Services	4,658,283	3,057,472
Consumer Audit Services	3,317,196	3,935,605
Dolomite Risk Management Services	5,068,421	2,813,553
Legal Services	2,772,475	4,494,285
Licensing Services	2,372,328	2,353,114
Maintenance Services	7,185,443	6,478,309
Other Contracted Services	1,206,175	1,266,424
Professional Services	5,585,485	5,567,348
Reading of Meters Services	1,789,047	2,683,702
Refuse Removal Services	5,862,629	4,543,236
Security Services	16,466,614	13,562,702
Town development Services	1,646,394	9,187,846
Training Services	1,319,366	1,970,817
Total Contracted Services	63,892,956	65,635,310
Attributable to:		
Continuing Operations	63,892,956	65,635,310
Discontinued Operations	-	-
	63,892,956	65,635,310
34. GRANTS AND SUBSIDIES PAID		
Indigents	44,511,041	46,714,377
Other	13,039,583	15,326,921
Total Grants and Subsidies	57,550,624	62,041,298
35. GENERAL EXPENSES AND MAINTENANCE		
Accommodation for officials	-	38,520
Advertisements	384,148	732,031
Allowance: Audit committee	599,417	719,507
Ammunition	20,651	23,940
Annual contribution: Treasure Route	30,000	30,000
Antiseptic and Detergents	86,400	57,889
Assessment Rates	79,698	81,244
Bank charges	1,757,518	1,407,787
Braai Grids	14,298	7,296
Chemicals	3,168,419	2,124,996
Clean up operation: City	913,650	-
Cleaning materials	648,382	582,095
Commission	5,551,984	9,089,405
Community Development	1,317,542	1,297,836
Contribution: Freedom celebrations	448,535	310,117
Conveyancing	332,030	109,489
Copy paper and equipment	42,562	20,571
Corporate gifts	134,353	111,850
Decorative requirements	2,120	2,309
Deputations: Travelling fees	3,381,043	3,040,942
Detergents	5,198	7,578
Development: Tourism	204,847	490,369
Digging of graves	27,100	65,893
Disaster emergency fund	-	570,443
Display poster and banners	10,478	-
Documentation	38,270	-
Donations	68,153	50,081
Drawing requirements	20,135	-
Eco circles	491,495	338,812
Electricity used	6,028,606	529,073
Emergency services	1,061,775	154,463
Executive Mayor Fund	630,242	592,901
Executive Mayor: Special Projects	223,150	798,589
Extension services	29,944	28,489

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
Fertilisation	34,727	56,656
Field maps	8,772	12,750
First Aid Provisions	1,881	5,799
Flocculating Agents	310,412	89,105
Fuel and Oil	612,791	694,985
Functions	3,777	5,044
GIS: Maps	6,016	19,032
Hire of equipment	13,200	60,130
Incentives	24,123	30,000
Indigent funerals	527,152	427,279
Indirect Material	28,996	27,749
Industrial Council Levy	96,628	91,261
Insurance	2,019,762	2,811,297
Int. Relationships	-	829,487
Internet	23,975	211,535
Laboratory requirements	464,598	299,166
Laundry	27,391	26,295
Levy: SALGA membership	3,334,846	3,059,714
Skills Development Levy	2,518,656	2,445,985
Liaison requirements	5,628	9,491
License fees	910,873	1,015,903
Loss control	-	367,449
Lost books, records and art copies	79	10,854
Magazines and reference work	449,987	433,686
Marketing brochures	1,023,989	905,595
Materials	-	7,305
Mayoral advisory committee	69,661	69,896
Mayoral allowance: General	30	98,821
Mayoral allowance: Personal	-	50,405
Meals: Overtime works	452,455	1,189,631
Expenses: Other	381,799	649,294
Penalties : SARS	4,312,860	-
Printing and stationary	3,791,011	3,571,254
Projects	3,764,556	986,998
Plastic bags, pots and plants	1,088,029	833,042
Purchase of books and tapes	19,048	5,329
Railway: Departmental	-	18,058
Receptions	1,451,386	1,646,291
Recreation programs	423,891	30,245
Refreshments	94,603	97,645
Rental equipment	2,771,657	2,973,828
Refuse bins and containers	163,262	85,158
Seed and bulbs	6,844	11,386
SDR Dolomite Research Program	-	1,754,386
Smme Development	126,649	249,395
Sport recreations	290,979	137,415
Sprays	161,199	188,904
Stamps	2,192,988	2,041,570
Star grading for council venues	-	59,251
Subscriptions	2,750	27,163
Telephone	295,858	1,238,890
Tlokwe news paper	522,500	418,857
Toiletries	286,004	199,929
Track suits	120,530	32,700
Training	61,479	260,876
Vandalism rewards	99,318	177,320
Ward committee ceremony	2,636,718	818,365
Weed killer	262,552	174,133
Welding materials	10,284	8,453
Womens day celebration	933,938	1,028,593
Workshop	755,114	452,709
Youth day celebrations	425,424	437,969
General repairs and maintenance	60,875,916	55,444,788
Total General Expenses	129,051,693	114,837,012

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
36. LOSS WITH SALE/ TRANSFER OF ASSETS		
Proceeds on Sale of Assets	(1,234,716)	(1,530,659)
Assets Disposed at Carrying Value:	38,843,221	21,077,208
Cost of Disposed Assets - Land	32,092,584	11,585,000
Cost of Disposed Assets - PPE	16,318,204	24,796,161
Accumulated Depreciation of Disposed Assets	(9,567,567)	(15,303,953)
Total Gains / Losses on Disposal of Capital Assets	37,608,505	19,546,548

37. CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.

Details of the appropriations are as follows:

Opening balance surplus account 3,757,823,311

Unappropriated Surplus Account:

Correction of Opening balance of Investec Investment account 190158-500 (Refer to detail below)	(3,879)
Correction of Opening balance of Land, Land stock and Investment properties (Refer to detail below)	(36,990,829)
Correction of Opening balance of Eskom deposits (Refer to detail below)	154,990
Correction of Opening balance of VAT Control account (Refer to detail below)	1,153,603
Correction of Opening balance of Provision for the Rehabilitation of Land fill site (Refer to detail below)	2,497,634
Correction of Opening balance of Unconditional Grants (Refer to detail below)	2,584,915
Correction of Opening balance of Property, Plant & Equipment (Refer to detail below)	85,697,409
Correction of Opening balance of Intangible assets (Refer to detail below)	1,703,912
Correction of Opening balance of Heritage assets (Refer to detail below)	(5,040,111)
Correction of Opening balance of Fines Receivable (Refer to detail below)	(14,720,151)

Increase / (Decrease) in Unappropriated Surplus Account **37,037,494**

Restated balance Surplus Account 3,794,860,805

Nature

Investec Investment account

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Investment Register is complete and correct. Investment statements were obtained from the various Financial Institutions. Adjustments were made to reconcile with these Statements.

Land, Land Stock and Investment Property

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Land Fixed Asset Register is complete and accurate. Adjustments were made to correct misstatements and classification errors identified.

Eskom deposits

During the 2015/2016 an investigation was undertaken by Finance to ensure that the deposit held by Eskom was complete and correct. Adjustments were made to reconcile with the deposits as reflected on the Eskom Statements.

VAT Control Account

During the 2015/2016 an investigation was undertaken by Finance to ensure that the VAT Control account is complete and accurate. Reports were obtained from the SARS. Adjustments were made to reconcile with the Reports.

Provision for the Rehabilitation of Land fill site

During the 2015/2016 an investigation was undertaken by Finance to ensure that the Provision for the Rehabilitation of Land fill site is complete and accurate. Adjustments were made to reconcile to the Valuation Report received from DRC Consulting

Unconditional Grants

During the 2015/2016 an investigation was undertaken by Finance to ensure that the unspent balance of Unconditional Grants is complete and accurate. Adjustments were made to reconcile to the correct and complete balance unspent

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Property, Plant and Equipment

During the 2015/2016 fixed asset verification process of Property, Plant and Equipment errors were identified which were corrected for the period under review.

Intangible assets (Refer to detail below)

During the 2015/2016 fixed asset verification process of Intangible asset errors were identified which were corrected for the period under review.

Heritage assets

During the 2015/2016 fixed asset verification process of Heritage asset errors were identified which were corrected for the period under review.

Provision for Impairment - Traffic Fines

During the 2015/2016 financial period an investigation was undertaken by Finance to ensure that the traffic fines debt book is complete and correct. Reports were obtained from the Traffic Section. Adjustments were made to reconcile with the debt book.

37.1 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2015 Expenditure R	Adjustment R	Restated Amount R
Employee Related Costs	282,246,743	(64,651)	282,182,092
Depreciation and Amortisation	167,328,747	5,609,071	172,937,818
Repairs and Maintenance	55,416,876	27,912	55,444,788
Bulk Purchases	346,949,280	294,161	347,243,441
Finance Costs	7,808,449	(336,012)	7,472,436
Contracted Services	66,019,449	(384,139)	65,635,310
Grants and Subsidies Paid	62,355,749	(314,450)	62,041,298
General Expenses	98,828,038	(39,435,814)	59,392,225
Loss with Sale / Transfer of Assets	18,496,548	1,050,000	19,546,548
	<u>1,105,449,879</u>	<u>(33,553,922)</u>	<u>1,071,895,957</u>

Nature

Employee Related Costs, Repairs and Maintenance, Contracted Services & General expenses

Finance conducted a full review of expenditure to ensure that all classes of expenditure were complete and accurate. Errors were identified and expenditure therefore correctly restated.

Sale of assets / Depreciation and Amortisation

During the 2015/2016 fixed asset verification process of Property, Plant and Equipment, Intangible assets and Heritage assets errors were identified which were corrected for the period under review.

Finance Costs

During the 2015/2016 an investigation was undertaken by Finance to ensure that the Provision for the Rehabilitation of Land fill site is complete and accurate. Adjustments were made to reconcile to the Valuation Report received from DRC Consulting.

Grants and Subsidies Paid

During the 2015/2016 an investigation was undertaken by Finance to ensure that the expenditure relating to Grants is complete and accurate. Reclassification of interdepartmental expenditure to interdepartmental service charges occurred.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

37.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	2015 Revenue R	Adjustment R	Restated Amount R
Service Charges	730,285,372	(41,042,748)	689,242,624
Other Income	22,534,947	(51,398)	22,483,549
	752,820,319	(41,094,146)	711,726,173

Nature

Service Charges

During the 2015/2016 an investigation was undertaken by Finance to ensure that the revenue relating to Service charges is complete and accurate. Reclassification of interdepartmental expenditure to interdepartmental service charges occurred.

Adjustments were made to record the correct and complete revenue.

Other Income

License fee commission was disclosed inclusive of VAT. The VAT was declared and removed in the period under review.

37.3 Reclassification of Statement of Financial Position

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

The effect of the Correction of Error is as follows:

	2015 Current Assets	Adjustment	Restated Amount
Inventory	343,546,031	(38,090,221)	305,455,810
Trade Receivables from Exchange Transactions	118,907,285	(6,747,912)	112,159,372
Trade Receivables from Non-Exchange Transactions	55,991,055	(9,153,097)	46,837,959
Cash and Cash Equivalents	219,290,394	(3,879)	219,286,515
Current Portion of Long-term Receivables	400,000	4,960,978	5,360,978
	738,134,765	(49,034,130)	689,100,635

Nature

Inventory - Land Stock

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Land Fixed Asset Register is complete and accurate. Adjustments were made to correct misstatements and classification errors identified.

Trade Receivables from Non-Exchange Transactions

During the 2015/2016 an investigation was undertaken by Finance to ensure that the VAT Control account is complete and accurate. Reports were obtained from the SARS. Adjustments were made to reconcile with the Reports.

Cash and Cash Equivalents

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Investment Register is complete and correct. Investment statements were obtained from the various Financial Institutions. Adjustments were made to reconcile with these Statements.

The effect of the Correction of Error is as follows:

	2015 Non-Current Assets R	Adjustment R	Restated Amount R
Property, Plant and Equipment	3,193,675,952	77,482,620	3,271,158,572
Intangible Assets	9,035,872	(1,703,912)	7,331,960
Investment Property	14,050,000	1,530,000	15,580,000
Heritage assets	58,896,017	(5,040,111)	53,855,906
Long-term Receivables	3,224,572	1,786,934	5,011,506
	3,278,882,413	74,055,531	3,352,937,944

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Nature

Property, Plant and Equipment

During the 2015/2016 fixed asset verification process of Property, Plant and Equipment errors were identified which were corrected for the period under review.

Intangible Assets

During the 2015/2016 fixed asset verification process of Intangible Assets errors were identified which were corrected for the period under review.

Investment Property

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Investment Property Fixed Asset Register is complete and accurate. Adjustments were made to correct classification errors identified.

Heritage Assets

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Heritage Asset Fixed Asset Register is complete and accurate. Adjustments were made to correct classification errors identified.

Long-term Receivables

During the 2015/2016 Financial year Arrangements on arrear services was reclassified to Long-term Receivables.

The effect of the Correction of Error is as follows:

	2015 Liabilities	Adjustment	Restated Amount
Accounts Payable	111,563,497	942,693	112,506,190
Unspent Conditional Grants and Receipts	8,608,352	(2,584,915)	6,023,437
Non-current Provisions	165,138,796	(2,833,647)	162,305,149
	285,310,645	(4,475,869)	280,834,776

Nature

Accounts Payable

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Accounts Payable Register is complete and correct. Errors were identified which were corrected for the period.

Government Grants and Subsidies Received

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Unspent Conditional Grant Register is complete and accurate. Errors were identified which were corrected for the period.

Non-current Provisions

During the 2015/2016 Financial year an investigation was undertaken by Finance to ensure that the Provision for the Rehabilitation of Land fill site is complete and accurate. Adjustments were made to reconcile to the Valuation Report received from DRC Consulting.

37.4 Disclosure notes to the Annual Financial Statements.

The prior year figures of items in the notes to the Annual Financial Statements have been restated to correctly disclose the balances.

During the 2015/2016 an investigation was undertaken by Finance to ensure that the balances of outstanding commitments is disclosed complete and accurate.

The effect of the Correction of Error is as follows:

		2015 Disclosure	Adjustment	Restated Amount
Capital Commitments (Note 48)	Infrastructure	56,695,620	64,073,653	120,769,273
	Land and Buildings	966,223	407,163	1,373,386
	Other	227,672	3,710,661	3,938,333
		57,889,515	68,191,476	126,080,991

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

38. CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

38.1. Landfill site provision estimate:

The landfill site, estimated useful life and provision method were reviewed at 30 June 2016. Adjustments to the discount rate of the liability affected the amount of interest for the current year and is expected to affect future periods as well. The adjustments are as follows:

	2016 R
Increase / (Decrease) in liability due to adjustments to discount rate	1,039,407
Increase / (Decrease) in interest due to adjustments to Useful life of landfill site	-
Increase / (Decrease) in Landfill site provision	1,039,407

39. CHANGE IN ACCOUNTING POLICY

No Accounting Standards were adopted for the first time during the financial year 30 June 2016 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed.

40. CASH GENERATED BY OPERATIONS

	2016 R	2015 R
Surplus / (Deficit) for the Year	14,010,511	(33,266,156)
Adjustment for:		
Other non cash flow items	676,456	558,039
Disposals of Property, Plant and Equipment	8,852,649	9,896,646
Depreciation and Amortisation	175,555,587	172,937,818
Movements in provisions - Current	2,513,877	1,725,355
Movement in provision - Long-term	1,892,815	2,916,669
Movement Long-term Receivables	(555,787)	(6,786,776)
Investment Income	(29,153,180)	(33,644,025)
Finance Costs	2,663,463	7,472,436
Operating surplus before working capital changes	176,456,392	121,810,006
(Increase)/Decrease in Inventories	31,952,996	11,228,551
(Increase)/Decrease in Trade Receivables From Exchange Transactions	(19,624,775)	7,322,026
(Increase)/Decrease in Trade Receivables From Non-Exchange Transactions	(25,033,737)	10,603,927
Increase/(Decrease) in Consumer Deposits	1,842,127	1,964,712
Increase/(Decrease) in Accounts Payable	(4,939,547)	32,782,625
Increase/(Decrease) in Conditional Grants and Receipts	5,048,395	(30,082,004)
Cash generated by / (utilised in) Operations	165,701,850	155,629,843

41. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

	2016 R	2015 R
41.1 Unauthorised Expenditure		
Reconciliation of Unauthorised Expenditure:		
Opening balance	242,853,712	235,248,036
Unauthorised Expenditure current year	81,938,515	7,605,676
Condoned by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation	324,792,227	242,853,712

Incident	Details	Amount	Action taken
Total Unauthorised Expenditure	Over expenditure on budget	81,845,269	Refer note below
	Expenditure from a vote unrelated to the department or functional area covered by the vote	93,245	Refer note below
		81,938,515	

Note

Council is busy investigating the previous years unauthorised expenditure to the value of R 235 067 005. Final recommendations with regards to consequent management must be introduced and will be done in due course. Council to investigate and institute actions where required and report findings to council for further attention.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

41.2 Fruitless and Wasteful Expenditure

	2016 R	2015 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	1,686,288	1,686,288
Fruitless and Wasteful Expenditure current year	7,525,567	-
Written-off by Council	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>9,211,855</u>	<u>1,686,288</u>

Incident	Details	Amount	Action taken
Total Fruitless Expenditure	<i>Interest and penalties on VAT returns - SARS</i>	7,525,567	Refer note below
		<u>7,525,567</u>	

Note

Council to investigate above fruitless and wasteful expenditure and institute actions where required and report findings to council for further attention.

41.3 Irregular Expenditure

	2016 R	2015 R
Reconciliation of Irregular Expenditure:		
Opening balance	450,162,687	392,625,450
Irregular Expenditure current year	70,252,785	57,537,237
Written-off by Council	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	<u>520,415,472</u>	<u>450,162,687</u>

Incident	Details	Amount	Action taken
Non-compliance to the Municipal Supply Chain Regulations, PPPFA, PPR.	<i>Non-compliance to the Municipal Supply Chain Regulations, PPPFA, PPR.</i>	68,499,860	Refer note below
Deviations from Municipal Supply Chain Regulations, PPPFA, PPR.	<i>AGANANG COMMUNITY RADIO STATION - Live broad cast on 30 May for 3 hours</i>	29,000	
	<i>AIDCON SECURITY SERVICES - Provision of physical security in October 2015</i>	155,387	
	<i>CARGO MOTORS - Urgent repairs on Refuse Compactor and vehicles</i>	47,343	
	<i>CONQUEST CHEMICALS - Viro 50MM</i>	25,000	
	<i>FINTECH - Load of franking machine</i>	40,000	
	<i>KERISYS (PTY) LTD - Engineering services</i>	515,746	
	<i>MARSH (PTY) LIMITED - Insurance</i>	199,487	
	<i>MOJAJELE PRODUCTIONS CC - Setsokotsane Media Coverage</i>	191,403	
	<i>NCP CHLORCHEM (PTY) LTD - Purchase of water</i>	56,808	
	<i>POTCH ENGINE & GEARBOX TRADERS - Carports</i>	85,958	
	<i>PRODIBA - Driving License Card Account</i>	69,204	
	<i>PROTEA CHEMICALS - Chemicals</i>	199,609	
	<i>SIR GOD PROJECTS AND DEVELOPMENT (PTY) LTD - Storm water: Catch wells</i>	18,281	
	<i>TCN Cascade MANUFACTURING - Cascade</i>	75,299	
	<i>THIBA LEHUMA TRADING - Youth month programmes</i>	14,400	
	<i>TSA GAETSHO CONSULTANCY - Human rights month programmes</i>	30,000	
Total Irregular Expenditure		<u>70,252,785</u>	

Note

Council is busy investigating the previous years irregular expenditure to the value of R 52 579 697. Final recommendations with regards to consequent management must be introduced and will be done in due course. Council to investigate and institute actions where required and report findings to council for further attention.

42. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2016 R	2015 R
42.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	3,334,846	3,059,714
Amount Paid - current year	(3,334,846)	(3,059,714)
Amount Paid - previous years	-	-
Balance Unpaid (included in Accounts Payable)	<u>-</u>	<u>-</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
42.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	4,643,101	3,720,897
Amount Paid - current year	(4,643,101)	(3,720,897)
Amount Paid - previous years	-	-
Balance Unpaid (included in Accounts Payable)	<u>-</u>	<u>-</u>

42.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 4.

42.4 PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	36,331,179	31,004,476
Amount Paid - current year	(36,331,179)	(31,004,476)
Amount Paid - previous years	-	-
Balance Unpaid (included in Accounts Payable)	<u>-</u>	<u>-</u>

42.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	77,898,494	71,143,249
Amount Paid - current year	(77,898,494)	(71,143,249)
Amount Paid - previous years	-	-
Balance Unpaid (included in Accounts Payable)	<u>-</u>	<u>-</u>

42.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 JUNE 2016	Total R	Outstanding up to 90 days R	Outstanding more than 90 days R
Hendricks CT	7,476	2,886	4,591
Total Councillor Arrear Consumer Accounts	<u>7,476</u>	<u>2,886</u>	<u>4,591</u>
30 JUNE 2015	Total R	Outstanding up to 90 days R	Outstanding more than 90 days R
No Councillors with arrear consumer accounts	-	-	-
Total Councillor Arrear Consumer Accounts	<u>-</u>	<u>-</u>	<u>-</u>

42.7 Non-Compliance with Chapter 11 of the Municipal

Finance Management Act

The Municipality has developed a Supply Chain Management Policy which was approved by Council in September 2009.

43. FINANCIAL INSTRUMENTS

43.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>	2016 R	2015 R
Non-current Investments			
Fixed Deposits	Held to maturity	43,246,473	39,419,365
Long-term Receivables			
Debtors Capitalised Arrear Services	Loans and receivables	7,438,153	6,747,912
Sale of Erven	Loans and receivables	3,490,118	3,624,572

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<u>Financial Assets</u>	<u>Classification</u>	2016 R	2015 R
Consumer Debtors			
Assessment Rates	Loans and receivables	22,400,187	23,122,701
Electricity	Loans and receivables	67,406,500	59,592,074
Refuse	Loans and receivables	5,471,883	4,740,425
Sewerage	Loans and receivables	8,874,194	8,300,360
Water	Loans and receivables	21,122,196	18,869,402
Other Debtors	Loans and receivables	28,909,373	20,657,110
Other Debtors			
Payments made in Advance	Loans and receivables	-	-
Sundry Debtors	Loans and receivables	20,370,112	20,381,031
VAT Receivable			
VAT Control Accounts	Loans and receivables	27,545,145	15,815,802
Bank, Cash and Cash Equivalents			
Notice Deposits	Held to maturity	132,725,155	174,598,077
Bank Balances	Available for sale	53,464,300	44,635,826
Cash Floats and Advances	Available for sale	31,192	31,192
Other Cash Equivalents	Available for sale	(75)	21,420
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Short-term Investment Deposits	Notice Deposits	132,725,155	174,598,077
		<u>132,725,155</u>	<u>174,598,077</u>
Loans and Receivables			
Long-term Receivables	Sale of Erven	3,490,118	3,624,572
Long-term Receivables	Debtors Capitalised Arrear Services	7,438,153	6,747,912
Consumer Debtors	Assessment Rates	22,400,187	23,122,701
Consumer Debtors	Electricity	67,406,500	59,592,074
Consumer Debtors	Refuse	5,471,883	4,740,425
Consumer Debtors	Sewerage	8,874,194	8,300,360
Consumer Debtors	Water	21,122,196	18,869,402
Consumer Debtors	Other Debtors	28,909,373	20,657,110
Other Debtors	Payments made in Advance	-	-
Other Debtors	Sundry Debtors	20,370,112	20,381,031
VAT Receivable	VAT Control Accounts	27,545,145	15,815,802
		<u>213,027,862</u>	<u>181,851,390</u>
Available for sale			
Investments	Held to maturity	43,246,473	39,419,365
Bank Balances and Cash	Bank Balances	53,464,300	44,635,826
Bank Balances and Cash	Cash Floats and Advances	31,192	31,192
Bank Balances and Cash	Other Cash Equivalents	(75)	21,420
		<u>96,741,890</u>	<u>84,107,803</u>
Total Financial Assets		<u>442,494,907</u>	<u>440,557,270</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>	2016 R	2015 R
Long-term Liabilities			
None	Financial liabilities at amortised cost	-	-
Non-current Provisions			
Non-current Provisions	Financial liabilities at amortised cost	164,197,964	162,305,149
Provisions			
	Financial liabilities at amortised cost	11,683,515	9,169,638
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	17,740,816	15,898,688

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Financial Liabilities	Classification	2016 R	2015 R
Accounts Payable			
Trade Payable	Financial liabilities at amortised cost	18,230,815	17,842,941
Payments received in Advance	Financial liabilities at amortised cost	17,505,480	11,046,693
Retentions	Financial liabilities at amortised cost	19,787,334	19,157,689
Accruals	Financial liabilities at amortised cost	-	-
Other Payables	Financial liabilities at amortised cost	38,772,623	44,418,409
Unspent Conditional Grants and Receipts			
National Government Grants	Financial liabilities at amortised cost	8,134,403	3,681,840
Provincial Government Grants	Financial liabilities at amortised cost	1,375,698	764,966
Local Government Grants	Financial liabilities at amortised cost	18,515	18,515
Other Spheres of Government	Financial liabilities at amortised cost	-	-
Developers Contributions	Financial liabilities at amortised cost	1,543,216	1,558,116
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	1,313	12,645
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	-	-
Consumer Deposits	Electricity and Water	17,740,816	15,898,688
Non-Current Provisions	Provisions	164,197,964	162,305,149
Provisions	Provisions	11,683,515	9,169,638
Accounts Payable	Leave provision	18,230,815	17,842,941
Accounts Payable	Payments received in Advance	17,505,480	11,046,693
Accounts Payable	Retentions	19,787,334	19,157,689
Accounts Payable	Other Payables	38,772,623	44,418,409
Unspent Conditional Grants and Receipts	National Government Grants	8,134,403	3,681,840
Unspent Conditional Grants and Receipts	Provincial Government Grants	1,375,698	764,966
Unspent Conditional Grants and Receipts	Local Government Grants	18,515	18,515
Unspent Conditional Grants and Receipts	Developers Contributions	1,543,216	1,558,116
Current Portion of Long-term Liabilities	Annuity Loans	1,313	12,645
		298,991,692	285,875,289
Total Financial Liabilities		298,991,692	285,875,289

43.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Quoted Prices

Financial Assets in this category include Listed Redeemable Notes, Bills of Exchange and Debentures. Financial Liabilities include Bills of Exchange and Perpetual Notes.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Derivatives

Foreign Currency Forward Contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest Rate Swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 30 June 2016, as a result of the short-term maturity of these assets and liabilities.

	30 JUNE 2016		30 JUNE 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	R	R	R	R
FINANCIAL ASSETS				
Held to maturity:				
Notice Deposits	132,725,155	132,725,155	174,598,077	174,598,077
	132,725,155	132,725,155	174,598,077	174,598,077
Loans and Receivables				
Consumer Debtors	213,027,862	213,027,862	181,851,390	181,851,390
Long-term Receivables	154,184,334	154,184,334	135,282,073	135,282,073
Other Debtors	10,928,271	10,928,271	10,372,484	10,372,484
VAT Receivable	20,370,112	20,370,112	20,381,031	20,381,031
	27,545,145	27,545,145	15,815,802	15,815,802
Available for Sale				
Investment	96,741,890	96,741,890	84,107,803	84,107,803
Bank Balances and Cash	43,246,473	43,246,473	39,419,365	39,419,365
	53,495,417	53,495,417	44,688,438	44,688,438
Total Financial Assets	442,494,907	442,494,907	440,557,270	440,557,270
Designated as FVTPL:				
Annuity Loans			-	-
Non-Current Provisions	164,197,964	164,197,964	162,305,149	162,305,149
Unspent Conditional Grants and Receipts	11,071,832	11,071,832	6,023,437	6,023,437
Provisions	11,683,515	11,683,515	9,169,638	9,169,638
Consumer Deposits	17,740,816	17,740,816	15,898,688	15,898,688
Trade and Other Payables:				
- Leave provision	94,296,252	94,296,252	92,465,731	92,465,731
- Payments received in Advance	18,230,815	18,230,815	17,842,941	17,842,941
- Retentions	17,505,480	17,505,480	11,046,693	11,046,693
- Other Payables	19,787,334	19,787,334	19,157,689	19,157,689
	38,772,623	38,772,623	44,418,409	44,418,409
Current Portion of Long-term Liabilities	1,313	1,313	12,645	12,645
Total Financial Liabilities	298,991,692	298,991,692	285,875,289	285,875,289

43.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2015.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 17, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 18 and the Statement of Changes in Net Assets.

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The municipality has a target gearing ratio of 20-25% determined as the proportion of net debt to equity. Based on the committee's recommendations, the municipality expects to increase its gearing ratio closer to 25% through the issue of new debt.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The gearing ratio at the year-end was as follows:	2016	2015
	R	R
Debt	1,313	12,645
Bank, Cash and Cash Equivalents	186,220,572	219,286,515
Net Debt	<u>186,221,886</u>	<u>219,299,160</u>
Equity	<u>3,789,551,396</u>	<u>3,775,540,884</u>
Net debt to equity ratio	<u>4.91%</u>	<u>5.81%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 16.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

43.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Finance department provides services to the municipality, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

43.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

43.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

43.7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

43.8 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound Credit Control and Debt Collection By-law and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across different industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection By-law.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2016	2015
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	43,246,473	39,419,365
Long-term Receivables	4,073,366	5,011,506
Consumer Debtors	131,784,148	112,159,372
Trade Receivables from Non-Exchange Transactions	71,871,696	46,837,959
Bank, Cash and Cash Equivalents	186,220,572	219,286,515
Maximum Credit and Interest Risk Exposure	437,196,255	422,714,717

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43. FINANCIAL INSTRUMENTS (Continued)

43.9. Effective Interest Rates and Repricing Analysis

In accordance with GRAP 104 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 JUNE 2016

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
FIXED RATE INSTRUMENTS								
Fixed Deposits	10	9.35%	R 43,246,473	-	-	-	-	R 43,246,473
Total Fixed Rate Instruments			43,246,473	-	-	-	-	43,246,473
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	5	4.25% - 7.80%	132,725,155	132,725,155	-	-	-	-
Bank Balances and Cash	5	4.50%	53,495,417	53,495,417	-	-	-	-
Total Variable Rate Instruments			186,220,571	186,220,571	-	-	-	-

30 JUNE 2015

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
FIXED RATE INSTRUMENTS								
Fixed Deposits	10	9.35%	R 39,419,365	-	-	-	-	R 39,419,365
Total Fixed Rate Instruments			39,419,365	-	-	-	-	39,419,365
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	5	5.32% - 6.58%	174,598,077	174,598,077	-	-	-	-
Bank Balances and Cash	5	4.50%	44,688,438	44,688,438	-	-	-	-
Total Variable Rate Instruments			219,286,515	219,286,515	-	-	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

43.11 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

43.12 Electricity & Water Losses

The following material losses occurred during the year under review:

Electricity:

Units (kWh) purchased	467 511 792	469 831 315
Purchase cost per kWh	79.66c	70.65c
Units (kWh) sold	441 355 152	424 434 437
Units (kWh) lost with distribution	26 156 640	45 396 878
Percentage lost with distribution	5.60%	9.66%
Cost per unit sold	95.46c	92.22c
Income per unit sold	124.22c	128.65c

Water:

kl purchased	20 368 985	17 127 067
Purchased cost per kiloliter	R 1.98	R 3.63
kl sold	18 809 986	16 324 560
kl lost with distribution	1 558 999	802 507
Percentage lost with distribution	7.65%	4.69%
Cost per kl sold	R 3.86	R 3.80
Income per kl sold	R 5.13	R 5.66

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

44. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

Municipal Gratuity Fund:

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

Potchefstroom Municipal Retirement Fund

The Potchefstroom Municipal Retirement Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

SALA Pension Fund:

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

South African Municipal Workers Union National Provident Fund:

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future. From 1 August 2012 the council contribution rate for new members is 18%.

45. RELATED PARTY TRANSACTIONS

45.1. Related party relationships:

Councillors

Mothopeng	MS	1	(Appointment terminated 30 November 2015)
Froneman	JD	2	
Landsberg	JC	3	
Seobi	MA	4	(Appointment terminated 30 November 2015)
Venter	JM	5	
Monaisha	BJ	6	
Combrink	AL	7	
Mogoeemang	KEG	8	
Mosieleng	SM	9	
Motingoe	AG	10	
Maaroganye	TG	11	(Appointment terminated 30 November 2015)
Modise	DP	12	(Appointment terminated 30 November 2015)
Melamu	SJ	13	(Appointment terminated 30 November 2015)
Makoe	LM	14	
Pienaar	PJ	15	
Mboniswa	NA	16	
Qolome	KS	17	

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Skozana	TA	18	(Appointment terminated 30 November 2015)
Maduna	KBT	19	
Maneli	KM	20	(Appointment terminated 30 November 2015)
Motlhabane	PI	21	
Britz	S	22	(Elected to council 13 August 2014)
Kruger	R	23	
Moolman	HJ	24	
Le Roux	AA	25	
Mahlabe	BE	26	
Magwa	EV	Proportional	(Elected to council 19 February 2015)
Botha	FJ	Proportional	
Carolus	DL	Proportional	
Clarke	VC	Proportional	
Coetzee	J	Proportional	(Resigned 24 October 2014)
Coetzer	CJ	Proportional	
Esterhuysen	JJ	Proportional	(Elected to council 19 November 2014)
Fransman	NS	Proportional	
Hendricks	CT	Proportional	
Johnson	CC	Proportional	(Resigned 1 February 2015)
Kruger	TG	Proportional	
Makhunga	JG	Proportional	
Mokgethi	RH	Proportional	
Mosiane-Segotso	BE	Proportional	
Mosounyana	MP	Proportional	
Schoeman	D	Proportional	
Stoltz	HC	Proportional	
Taoleng	MA	Proportional	
Zerwick	LJ	Proportional	
Mosiane	TG	Proportional	
Khumalo	KM	Proportional	
Gwili	D	Proportional	
Kasale	MM	Proportional	
Ngcobo	TM	Proportional	
Louw	EH	Proportional	
Molapisi	LG	Proportional	
Nobatama	NPM	Proportional	
Molete	P	Proportional	

Senior Managers

Surname

Initials

Municipal Manager	Blaai-Mokgethi	NE	(Appointed 1 July 2014)
Acting Chief Financial Officer	Wilgenbus	PNR	(Held office from 23 December 2013 - 30 June 2016)
Manager: Economic Development	Masitenyane	RTS	(Appointed 1 April 2013)
Manager: Community Services	Labuschagne	PC	(Appointed 4 February 2013)
Manager: Public Safety	Nkhumane	LJ	(Appointed 15 April 2013)
Manager: Housing	Mohlomi	LMK	(Appointed 13 December 2013)
Acting Manager: Corporate Services	Klaas	N	(Held office from 10 February 2014 - 22 May 2015)
Acting Manager: Corporate Services	Masitenyane	RTS	(Appointed 23 May 2015 - 30 June 2016)
Manager: Infrastructure	Zungu	BM	(Appointed 1 August 2013)
Acting Manager: Sports, Arts & Culture	Seleke	T	(Held office till 31 December 2015)
Executive Manager: Sports, Arts & Culture	Henry	CP	(Appointed 1 January 2016)

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

45.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Total Balances R
For the Year ended 30 JUNE 2016				
Councillors	38,892	211,622	108	250,623
Municipal Manager and Section 57 managers	16,542	133,610	50	150,202
Total Services	55,434	345,232	158	400,825

	Rates Charges	Service Charges	Sundry Charges	Total Balances
For the Year ended 30 JUNE 2015				
Councillors	15,606	137,350	1,323	154,279
Municipal Manager and Section 57 managers	7,407	72,526	307	80,240
Total Services	23,013	209,877	1,630	234,519

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 managers. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

45.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

45.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 27 and 28 respectively, to the Annual Financial Statements.

Remuneration of the family of key management personnel and councillors that are employed at the municipality:

Senior Managers	Names	Family member	Department	Relationship	Remuneration
Municipal Manager	NE Blaai-Mokgethi	n/a	n/a	n/a	n/a
Chief Financial Officer	Vacant	n/a	n/a	n/a	n/a
Manager: Infrastructure	BM Zungu	n/a	n/a	n/a	n/a
Manager: Economic Development	RTS Masitenyane	n/a	n/a	n/a	n/a
Manager: Community Services	PC Labuschagne	n/a	n/a	n/a	n/a
Manager: Public Safety	LJ Nkhumane	n/a	n/a	n/a	n/a
Manager: Housing	LMK Mohlomi	n/a	n/a	n/a	n/a
Manager: Corporate Services	Vacant	n/a	n/a	n/a	n/a
Manager: Sports, Arts & Culture	CP Henry	n/a	n/a	n/a	n/a

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<u>Section Managers</u>	<u>Names</u>	<u>Family member</u>	<u>Department</u>	<u>Relationship</u>	<u>Remuneration</u>
Deputy Manager: Finance	PNR Wilgenbus	n/a	n/a	n/a	n/a
Chief Risk Manager	T Zubane	n/a	n/a	n/a	n/a
Chief Audit Executive	GHO vd Berg	n/a	n/a	n/a	n/a
Housing	BJ Robbertse	n/a	n/a	n/a	n/a
Human Resources	N Klaas	n/a	n/a	n/a	n/a
Labour Relations	ER Mafolo	n/a	n/a	n/a	n/a
Community Services	ST Muswede	n/a	n/a	n/a	n/a
Environmental Management	HH Veldman	n/a	n/a	n/a	n/a
Infrastructure	J vd Berg	n/a	n/a	n/a	n/a
Infrastructure	PP Mdluli	n/a	n/a	n/a	n/a
Asset Management	MMP Matsheka	n/a	n/a	n/a	n/a
Office of the Speaker	EPM Modiakgotla	n/a	n/a	n/a	n/a
Office of the Executive Mayor	EE Temanie	n/a	n/a	n/a	n/a

45.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

<u>Company Name</u>	<u>Related Person</u>	<u>Company Capacity</u>	<u>Municipal Capacity</u>	<u>2016/2015 Purchases for the Year R</u>	<u>2015/2014 Purchases for the Year R</u>
Electro Mining Instruments (Pty) Ltd	FS Botha	70% Share	Councillor	18,805	54,096

45.6. Councillors and Officials with arrangements on consumer accounts

<u>Councillors with arrangements</u>		R	R
<u>Surname</u>	<u>Initials</u>	<u>Total</u>	<u>Outstanding value on arrangement</u>
Hendricks	CT	7,476	3,627

<u>Surname</u>	<u>Initials</u>	<u>Total</u>	<u>Outstanding value on arrangement</u>
Harwood	HH	(175)	402
Mokotedi	WR & EL	831	1,106
Jack	MM & ZL	460	100
Petersen	NJ	474	15,888
Neba	MD	1,870	30,614
Citizo & Segoto	LT & TJ	715	408
Modise	S P & D L	458	532
Abinaar	M	(317)	5,230
Dladla	PJ & SMM	68	280
Mokashane	MF & M	(254)	1,011
Nyathi	DW	397	2,521
Ilanke	BJ & SW	825	1,394
Lamprecht	M & H	2,231	2,204

45.7 Officials leasing council housing

<u>Surname</u>	<u>Initials</u>	<u>Monthly levy</u>	<u>Address</u>
Carsons	R	4,450	Kenneth Mc Arthur
Viljoen	H	3,300	Waterworks house
Gilbert	DV	3,000	Dam house 1

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

45.8 Awards made to the spouses of employees

These spouses had interest in the suppliers mentioned below, which conducted business with the municipality

<u>Name of person</u>	<u>Position</u>	<u>Name of spouse/ partner/ associate</u>	<u>Relationship to person in service</u>	<u>Supplier Name</u>	<u>Expenditure (Payments) - current year</u>
Francois Jacobus Botha	General Expenses Council	Gertruida Hildagaard Berry	Spouse	Electro Instruments (Mining)	18,805
Malcolm David Grimbeek	Traffic Department	Anna Magrietha Van Der Linde	Spouse	Mag Hunting Safaris	25,104
Elizabeth Maria Van Niekerk	Parks: Administration	Abraham Van Niekerk	Spouse	One Man Band Services	139,015
Wilwisia Veronique Waters	Administration	Philip Jeremy Waters	Spouse	Coalition Trading 968	147,760
Kedihentse Lena Moamogwa	Traffic Department	Tebogo France Moamogwa	Spouse	Moamogwa Construction	772,620
Mmokwa Lesley Modisetsi	Library: Ikageng	Omphile Rebecca Mathebula	Spouse	The Curve Behind Trading 556	55,502
					1,158,806
				2016 R	2015 R

46. CONTINGENT LIABILITIES

46.1 Court Proceedings

	3,389,329	7,789,329
(1) Dolomite risk - quantum to be calculated. Sink holes appeared in some of the township areas. A geoscience investigation is underway to determine the impact.	n/a	n/a
(2) Council // Readira Refuge Services CC Readira Refuge Services CC instituted action against council for payment due. The matter is being defended in the High Court.	3,289,329	3,289,329
(3) D. Phillips Labour Court - Unfair Dismissal pending case, can still take 2 years to finalize	100,000	1,500,000
(4) Kutana +50 Labour Court - Unfair Dismissal pending case, can still take 2 years to finalize	-	1,500,000
(5) Samwu abo Sefako Pending Review - compensation or reinstatement pending case, can still take 2 years to finalize	-	1,500,000

47. CONTINGENT ASSETS

47.1 Court Proceedings

	11,868,675	12,382,073
(1) Council // Readira Refuge Services CC Council has put in a counter claim regarding the claim from Reandira Refuge Services for alleged payment due.	868,675	1,382,073
(2) Council // Former Vyfhoek Management Board Council is investigating matter in order to take transfer of properties from the Vyfhoek Management Board.	5,000,000	5,000,000
(3) Council // North West University // Kenneth McArthur Stadium Naming rights contract dispute is currently under investigation by council.	6,000,000	6,000,000

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	R	R
48. COMMITMENTS FOR EXPENDITURE		
48.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	159,174,749	126,080,991
Infrastructure	138,766,227	120,769,273
Other	4,933,502	3,938,333
Land and Buildings	15,475,020	1,373,386
Total Capital Commitments	159,174,749	126,080,991
Contract period of commitments:		
- Period less than 12 months		
Infrastructure	83,940,729	49,856,708
Other	4,933,502	2,203,598
Land and Buildings	9,551,215	200,864
	98,425,447	52,261,170
- Period more than 12 months		
Infrastructure	54,825,498	70,912,565
Other	-	1,734,735
Land and Buildings	5,923,805	1,172,522
	60,749,303	73,819,821
Total Capital Commitments	159,174,749	126,080,991
This expenditure will be financed from:		
Government Grants	13,137,504	9,169,374
Own Resources	146,037,245	116,911,617
	159,174,749	126,080,991

Commitment amounts as disclosed above include Value Added Tax (VAT).

49. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

50. EVENTS AFTER THE REPORTING DATE

Except for the event disclosed in note 52 there were no events after reporting date.

51. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 37).

52. MERGERS

Ventersdorp Local Municipality and Tlokwe City Council merged into a combined new municipality and the merger date was on 3 August 2016. The reason for the merger is to optimize the financial viability of the new municipality. The name of the new municipality is Ventersdorp/Tlokwe Local Municipality (NW405).

Accounting Policy 29 on Mergers describes the conditions and recognition criteria upon which the merger is based.

APPENDIX A
TLOKWE CITY COUNCIL
SCHEDULE OF LONG-TERM EXTERNAL LOANS AS AT 30 JUNE 2016

Details	Original Loan Amount	Loan Interest Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Redeemed/ Written Off during previous Period	Balance at 30 JUNE 2015	Balance at 30 JUNE 2016
ANNUITY LOANS	R				R	R	R	R
DBSA	5,457,695	15.45%	10909	30/09/2020	3,408,559	(3,408,559)	-	-
DBSA	751,473	15.25%	10908	30/09/2019	399,184	(399,184)	-	-
DBSA	18,364,117	15.45%	13708	31/03/2022	13,464,794	(13,464,794)	-	-
DBSA	49,900,000	6.25%	103763/1	29/02/2032	41,438,344	(41,438,344)	-	-
DBSA	25,100,000	11.62%	103763/2	29/02/2032	20,843,698	(20,843,698)	-	-
Total Annuity Loans	99,573,285				79,554,579	(79,554,579)	-	-
TOTAL EXTERNAL LOANS	99,573,285				79,554,579	(79,554,579)	-	-

APPENDIX B
TLOKWE CITY COUNCIL
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016

Description	Historical Cost					Accumulated Depreciation						Accumulated Impairment			Carrying Value	
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2016	Disposals / Transfers	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2016	Disposals	Closing Balance	Opening Balance	Additions		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
COMMUNITY																
Establishment of Parks and Gardens	15,791,566	1,462,579	17,254,145	104,447	(311,630)	17,046,962	(6,319,337)	(174,689)	(103,695)	(1,095,975)	60,558	(7,633,137)	(41,846)	-	(41,846)	9,371,978
Sportsfields	58,133,938	23,994,464	82,128,402	7,922,836	-	90,051,238	(23,859,104)	(3,268,136)	(1,174,027)	(4,563,784)	-	(32,865,051)	-	-	-	57,186,186
Community Halls	80,514,927	(912,865)	79,602,061	410,311	-	80,012,372	(34,191,965)	1,141,519	1,909	(3,712,752)	-	(36,761,289)	-	-	-	43,251,083
Libraries	55,870,277	190,182	56,060,459	831,553	-	56,892,012	(22,080,499)	(12,428)	(17,905)	(2,363,865)	-	(24,474,697)	-	-	-	32,417,315
Recreational facilities	41,288,601	4,721,369	46,009,970	288,068	-	46,298,037	(21,191,547)	(805,037)	(324,056)	(2,115,033)	-	(24,435,673)	(6,349)	-	(6,349)	21,856,015
Clinics	14,409,658	-	14,409,658	-	-	14,409,658	(6,492,940)	-	-	(695,754)	-	(7,188,694)	-	-	-	7,220,964
Museums and Art Galleries	8,082,072	14,041,888	22,123,960	-	-	22,123,960	(3,451,928)	(5,494,033)	(630,952)	(1,018,227)	-	(10,595,139)	-	-	-	11,528,821
Other Community	9,939,701	(2,110,970)	7,828,731	-	-	7,828,731	(6,375,134)	1,055,723	189,757	(329,196)	-	(5,458,850)	-	-	-	2,369,881
	284,030,740	41,386,646	325,417,386	9,557,214	(311,630)	334,662,969	(123,962,455)	(7,557,081)	(2,058,968)	(15,894,586)	60,558	(149,412,531)	(48,195)	-	(48,195)	185,202,243
INFRASTRUCTURE																
Roads, Pavements, Bridges and Storm Water	2,563,173,822	4,394,198	2,567,568,020	62,341,462	(1,691,971)	2,628,217,511	(1,280,784,657)	1,562,200	3,562	(68,470,732)	1,537,948	(1,346,151,678)	(3,036,113)	-	(3,036,113)	1,279,029,720
Water Reservoirs and Reticulation	614,657,003	20,571,036	635,228,039	28,825,585	-	664,053,623	(276,225,028)	(9,350,077)	(1,393,617)	(20,733,944)	-	(307,702,666)	-	(343,332)	(343,332)	356,007,625
Car Parks, Bus Terminals and Taxi Ranks	13,442,286	(409,316)	13,032,970	448,259	-	13,481,229	(4,690,951)	9,218	-	(620,271)	-	(5,302,004)	-	-	-	8,179,225
Electricity Reticulation	601,512,129	(1,757,460)	599,754,669	46,236,652	(13,849,648)	632,141,673	(215,437,269)	752	26,769	(14,586,173)	7,732,596	(222,263,325)	(44,564)	-	(44,564)	409,833,784
Sewerage Purification and Reticulation	465,409,878	13,360,199	478,770,078	49,342,679	-	528,112,756	(220,235,972)	(4,669,600)	(699,347)	(13,508,587)	-	(239,113,505)	-	-	-	288,999,251
Solid Waste	22,520,996	(2,497,634)	20,023,361	267,996	(249)	20,291,108	(6,895,436)	370,250	84,961	(904,339)	134	(7,344,430)	-	-	-	12,946,678
Other Infrastructure	11,178,054	5,622,917	16,800,971	94,992	-	16,895,963	(6,078,044)	(1,065,009)	(408,874)	(555,269)	-	(8,107,196)	-	-	-	8,788,767
	4,291,894,168	39,283,940	4,331,178,108	187,557,624	(15,541,869)	4,503,193,864	(2,010,347,356)	(13,142,266)	(2,386,545)	(119,379,315)	9,270,678	(2,135,984,805)	(3,080,677)	(343,332)	(3,424,009)	2,363,785,050
HOUSING																
Housing Schemes	82,301,540	225,635	82,527,175	108,092	-	82,635,268	(44,912,373)	(28,418)	(14,162)	(3,754,238)	-	(48,709,191)	-	-	-	33,926,077
	82,301,540	225,635	82,527,175	108,092	-	82,635,268	(44,912,373)	(28,418)	(14,162)	(3,754,238)	-	(48,709,191)	-	-	-	33,926,077
OTHER ASSETS																
Motor Vehicles	60,881,556	493,988	61,375,524	7,919,901	(44,499)	69,250,927	(23,576,139)	20,685	(5,502)	(5,754,385)	28,680	(29,286,661)	-	-	-	39,964,267
Plant and Equipment	19,698,234	105,995	19,804,229	3,189,992	(47,084)	22,947,137	(12,234,676)	(26,913)	(26,964)	(1,740,452)	34,500	(13,994,506)	(13,483)	-	(13,483)	8,939,148
Office Equipment	40,488,122	(370,159)	40,117,963	3,896,217	(108,502)	43,905,678	(29,344,073)	222,338	43,191	(2,933,201)	82,877	(31,928,868)	(54,635)	-	(54,635)	11,922,176
Security Measures	6,653,488	189,587	6,843,075	-	-	6,843,075	(5,054,464)	(14,219)	(14,219)	(460,334)	-	(5,543,237)	(579)	-	(579)	1,299,260
Library Books	19,569,596	-	19,569,596	778,083	(126,668)	20,221,011	(11,617,600)	-	-	(2,449,651)	90,274	(13,976,976)	-	-	-	6,244,035
	147,290,997	419,391	147,710,387	15,784,193	(326,752)	163,167,828	(81,826,953)	201,891	(3,494)	(13,338,023)	236,331	(94,730,247)	(68,697)	-	(68,697)	68,368,885
LAND & BUILDINGS																
Land	397,183,539	(1,542,869)	395,640,670	4,000	(2,239,965)	393,404,705	-	-	-	-	-	-	-	-	-	393,404,705
Buildings	412,853,588	27,712,045	440,565,633	7,700,491	-	448,266,125	(157,631,916)	(3,867,222)	(1,145,903)	(22,635,919)	-	(185,280,960)	-	-	-	262,985,165
	810,037,128	26,169,176	836,206,303	7,704,491	(2,239,965)	841,670,830	(157,631,916)	(3,867,222)	(1,145,903)	(22,635,919)	-	(185,280,960)	-	-	-	656,389,870
Total	5,615,554,572	107,484,787	5,723,039,360	220,711,615	(18,420,216)	5,925,330,759	(2,418,681,052)	(24,393,096)	(5,609,071)	(175,002,081)	9,567,567	(2,614,117,733)	(3,197,569)	(343,332)	(3,540,901)	3,307,672,124

TLOKWE MUNICIPALITY

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2016

Description	Historical Cost						Accumulated Depreciation						Accumulated Impairment			Carrying Value
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2016	Disposals / Transfers	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2016	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R		R	R	R	R	R	R	
Investment Properties	14,050,000	1,530,000	15,580,000	-	-	15,580,000	-	-	-	-	-	-	-	-	-	15,580,000
	14,050,000	1,530,000	15,580,000	-	-	15,580,000	-	-	-	-	-	-	-	-	-	15,580,000

TLOKWE MUNICIPALITY

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2016

Description	Historical Cost						Accumulated Depreciation						Accumulated Impairment			Carrying Value
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2016	Disposals / Transfers	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2016	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
Intangible Assets	R															
	10,362,202		8,658,290		-	8,658,290	(1,326,330)	-	-	(192,893)	-	(1,519,223)	-	-	-	7,139,067
Computer Software	10,362,202	-	8,658,290	-	-	8,658,290	(1,326,330)	-	-	(192,893)	-	(1,519,223)	-	-	-	7,139,067

TLOKWE MUNICIPALITY

ANALYSIS OF HERITAGE ASSETS AS AT 30 June 2016

Description	Historical Cost						Accumulated Depreciation						Accumulated Impairment			Carrying Value
	Opening Balance	Correction of Prior Year Errors	Opening Balance	Additions 2016	Disposals / Transfers	Closing Balance	Opening Balance	Correction of Prior Year Errors - Acc Depr	Correction of Prior Year Errors - Depr	Depreciation 2016	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
Heritage Assets	R	R	R	R	R	R		R	R	R	R	R	R	R	R	
	43,602,867	(5,040,111)	38,562,756	12,406	-	38,575,162	-	-	-	-	-	-	-	-	-	
	15,293,150	-	15,293,150	-	-	15,293,150	-	-	-	-	-	-	-	-	-	
	58,896,017	(5,040,111)	53,855,906	12,406		53,868,312	-	-	-	-	-	-	-	-	-	
Total Fixed Asset Register	5,698,862,791	103,974,676	5,803,133,556	220,724,020	(18,420,216)	6,003,437,360	(2,420,007,382)	(24,393,096)	(5,609,071)	(175,194,974)	9,567,567	(2,615,636,956)	(3,197,569)	(343,332)	(3,540,901)	

APPENDIX C
TLOKWE CITY COUNCIL
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT ON 30 JUNE 2016

	Opening Balance	Additions	Disposals / Transfers	Closing Balance	Accumulated Depreciation			Carrying Value	Budget Additions 2015/2016
					Opening Balance	Additions	Disposals / Transfers		
Executive and Council	146,599,319	1,123,384	(147,378)	147,575,325	(69,928,348)	(9,324,377)	103,742	68,426,343	2,477,795
Finance and Administration	19,570,727	7,722,204	(30,124)	27,262,806	(11,483,555)	(1,679,009)	22,152	14,122,395	8,396,038
Planning and Development	396,210,460	4,000.00	(2,240,082)	393,974,378	(485,040)	(15,284)	107	393,474,160	-
Health	14,409,658	-	-	14,409,658	(6,492,940)	(695,754)	-	7,220,964	-
Community and Social Services	22,617,524	621,971	(123)	23,239,372	(14,094,931)	(1,038,482)	109	8,106,068	889,346
Housing	114,264,681	-	(8,530)	114,256,150	(48,028,973)	(5,844,938)	6,187	60,388,426	-
Public Safety	76,211,342	5,028,369	(81,569)	81,158,134	(31,574,321)	(4,717,073)	57,871	44,924,619	11,575,511
Sport and Recreation	365,882,011	13,282,990	(333,868)	378,831,134	(146,829,188)	(18,588,611)	78,126	213,491,460	16,137,181
Environmental Protection	23,925,400	663,356	(3,400)	24,585,356	(10,459,374)	(1,197,150)	3,132	12,931,964	1,119,395,00
Waste Management	489,791,214	44,906,488	(9,648)	534,688,054	(236,548,343)	(15,896,366)	6,386	282,249,731	67,116,634
Road Transport	2,622,881,212	53,165,574	(1,700,077)	2,674,346,708	(1,301,265,638)	(73,107,992)	1,546,802	1,301,519,879	54,001,270
Water	705,306,066	47,391,832	(3,270)	752,694,628	(306,381,187)	(23,805,482)	2,880	422,510,839	63,073,385
Electricity	725,466,163	-	(14,000,100)	758,279,916	(268,279,590)	(19,435,125)	7,740,073	478,305,275	52,925,944
Other	-	-	-	-	-	-	-	-	-
TOTAL	5,723,135,776	173,910,167	(18,558,169)	5,925,301,627	(2,451,851,427)	(175,345,643)	9,567,567	3,307,672,124	277,712,499

TLOKWE CITY COUNCIL
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)	Description	2016 Actual Income	2016 Budgeted Income	2016 Actual Expenditure	2016 Budgeted Expenditure	2016 Surplus/ (Deficit)
1,316,724	2,211,173	(82,649,894)	(79,778,376)	(81,333,170)	Executive and council		289,402	(85,349,424)	(84,982,096)	(83,060,022)
-	-	(37,999,139)	(37,999,139)	(37,814,098)	GENERAL EXPENSES OF THE COUNCIL	-	-	(43,607,542)	(43,607,542)	(43,607,542)
-	-	(4,078,964)	(4,078,964)	(4,078,964)	OFFICE OF THE SPEAKER	-	-	(4,165,727)	(4,165,727)	(4,165,727)
378,727	378,173	(12,970,945)	(13,091,792)	(12,592,218)	EXECUTIVE MAYOR	289,402	289,401	(11,458,148)	(12,174,231)	(11,168,747)
-	-	(1,929,928)	(2,026,045)	(1,929,928)	STRATEGIC MANAGEMENT	-	-	(2,467,525)	(2,399,082)	(2,399,082)
3,997	6,000	(7,147,172)	(3,608,789)	(7,143,175)	COMMUNICATION	-	-	(3,812,848)	(3,901,507)	(3,812,848)
-	-	(8,826,531)	(8,826,531)	(8,765,706)	ADMINISTRATION	-	-	(9,014,574)	(9,014,574)	(8,907,912)
934,000	1,827,000	(8,378,642)	(8,488,860)	(7,444,842)	MUNICIPAL MANAGER	-	-	(7,478,510)	(8,020,995)	(7,478,510)
-	-	(1,564,439)	(1,581,321)	(1,564,439)	SINGLE WHIP	-	-	(1,519,655)	(1,556,723)	(1,519,655)
267,461,903	270,352,729	(239,049,143)	(257,734,479)	28,412,760	Finance and Administration	299,690,008	291,446,001	(268,191,931)	(192,009,105)	31,498,078
-	-	(50,081)	(65,000)	(50,081)	DONATIONS	-	-	(52,777)	(60,500)	(52,777)
-	-	(3,881,169)	(3,456,090)	(3,877,331)	OCCUPATIONAL HEALTH & SAFETY	-	-	(282,443)	(333,074)	(282,443)
3,839	47,230	(71,831)	(74,004)	(67,187)	HOUSING:SE:KEMERING(68FLATS)	3,725	3,724	(3,822,055)	(4,048,227)	(3,818,330)
4,644	3,000	(34,677)	(34,796)	(32,638)	HOUSING:SE:HARMONIE(26FLATS)	4,375	10,000	(71,467)	(72,073)	(67,092)
2,039	1,900	(137,084)	(142,342)	(134,920)	HOUSING:SE:IMMERGROEN(20FLATS)	2,075	7,500	(24,183)	(25,777)	(22,108)
2,184	14,000	(13,178,234)	(13,704,895)	(13,178,234)	HOUSING:SE:UITKOMS(69FLATS)CH	17,346	18,813	(146,418)	(146,750)	(129,072)
-	-	(441,389)	(449,742)	584,893	SECURITY	-	-	(16,459,296)	(17,483,278)	(16,459,296)
1,026,282	1,010,000	-	-	118,900,350	TOWN LANDS	732,940	732,939	(517,895)	(583,051)	215,244
118,900,350	118,903,903	-	-	118,900,350	ASSESSMENT RATES	130,824,200	130,851,717	-	-	130,824,200
-	-	(622,551)	(633,000)	(622,551)	GRANTS/INAID AND DONATIONS	-	-	(630,242)	(644,821)	(630,242)
-	310,285	(1,699,212)	(1,710,516)	(1,387,210)	IKAGENG FLATS	311,477	310,285	(445,787)	(468,841)	(134,310)
312,002	-	(7,028,567)	(7,121,621)	(7,028,567)	ASSET MANAGEMENT	-	-	(6,329,827)	(6,017,029)	(6,329,827)
261,052	261,052	(8,596,639)	(8,792,615)	(8,335,787)	HUMAN RESOURCES	283,435	283,000	(5,809,523)	(5,878,390)	(5,526,089)
-	-	(3,691,952)	(3,779,658)	(3,691,952)	EMPLOYMENT EQUITY & SKILLS DEVELOPMENT	-	-	(2,113,933)	(2,190,711)	(2,113,933)
-	-	(855,023)	(878,793)	(855,023)	LEGAL SERVICES	-	-	(995,518)	(1,269,867)	(995,518)
-	-	(13,500)	(24,000)	(13,500)	RESEARCH-GY.D.A & C	-	-	(6,674)	(16,122)	(6,674)
-	-	(1,302,437)	(1,342,808)	(1,302,437)	CORPORATE SERVICES ADMINISTRATION	-	-	(1,349,003)	(1,370,354)	(1,349,003)
-	-	-	-	-	CLEANING SERVICES	-	-	-	-	-
-	-	(688,053)	(726,601)	(688,053)	PRINTING DEPT	-	-	(1,161,051)	(1,255,654)	(1,161,051)
136,383,324	139,245,587	(77,009,305)	(86,198,267)	59,374,019	FINANCE	153,069,642	155,907,288	(108,362,620)	(95,129,638)	44,707,022
-	-	(2,093,399)	(2,191,446)	(2,093,399)	GOVERNANCE	-	-	(2,028,954)	(2,070,775)	(2,028,954)
-	-	(7,779,304)	(10,311,187)	(7,779,304)	BUDGET MANAGEMENT	-	-	(5,911,764)	(5,911,764)	(5,911,764)
2,032,277	2,032,277	(80,474,450)	(71,893,252)	(78,442,173)	FINANCIAL MANAGEMENT	2,550,000	2,550,000	(81,041,391)	(8,858,581)	(78,491,391)
8,488,952	8,488,115	(11,172,395)	(28,538,855)	(2,683,443)	REVENUE MANAGEMENT	11,846,038	750,000	(11,184,364)	(11,376,111)	661,674
-	-	(10,188,786)	(10,360,745)	(10,188,786)	COMPUTER SERVICES	-	-	(12,327,155)	(12,665,432)	(12,327,155)
-	-	(3,210,297)	(192,734)	(3,210,297)	TELEPHONE EXCHANGE	-	-	(3,144,844)	(3,205,132)	(3,144,844)
-	-	(2,530,792)	(2,608,806)	(2,530,792)	VALUATION SERVICES	-	-	(2,628,115)	(2,750,516)	(2,628,115)
15	8	-	-	15	PROMOSA : HOUSE ECON SCH 1	15	-	-	-	15
173	86	176	-	348	PROMOSA : E.L.S SCHEME 216/HOUSE	173	-	188	(200)	360
1,471	726	-	-	1,471	PROMOSA: E.L.S.SCHME7(30/HOUSE	1,525	-	-	-	1,525
76	-	-	-	76	PROMOSA: SUB ECO SCH 1+2(378H)	43	-	-	-	43
188	-	-	-	188	PROMOSA: SUB ECO SCH3 (19 H)	178	-	-	-	178
1,232	-	-	-	1,232	PROMOSA: SUB ECO SCH4 (53/HOUSE	1,282	-	-	-	1,282
801	-	-	-	801	PROMOSA: SUB ECO SCH 5 (75 HOU	705	-	-	-	705
41,025	34,560	-	-	41,025	PROMOSA: E.L.S. SCHEME 8 (51H)	40,835	-	-	-	40,835
-	-	-	-	-	PROMOSA: E.L.S.SCH9(10 FLATS)	-	-	-	-	-
-	-	(1,399,904)	(1,532,686)	(1,399,904)	EMPLOYEE ASSISTANCE PROGRAMME	-	-	(1,345,019)	(1,395,543)	(1,345,019)

71,397,733	26,119,343	71,362,480	(26,119,343)	(26,590,803)	45,278,390	Planning and development LAND DEVELOPMENT AND PROPERTY RIGHTS LAND USE MANAGEMENT CIVIL ENG. DESIGN OFFICE ECONOMIC DEVELOPMENT BUILDING CONTROL SECTION	3,933,107	5,167,405	(27,855,731)	(30,700,990)	(23,922,626)
411,582	(5,349,671)	404,700	(5,634,367)	(5,634,367)	(4,938,089)		464,985	455,000	(4,182,211)	(5,862,129)	(3,717,226)
344,942	(8,069,671)	338,036	(7,976,609)	(7,976,609)	(7,724,798)		283,849	510,000	(10,969,777)	(11,503,746)	(10,685,928)
67,866,658	(2,165,102)	67,866,658	(2,346,169)	(2,346,169)	65,701,555		-	1,150,400	(1,968,293)	(2,650,919)	(1,968,293)
1,453,586	(10,437,834)	1,453,586	(10,536,120)	(10,536,120)	(8,984,248)		1,862,233	1,785,985	(10,623,420)	(10,551,252)	(8,761,187)
1,320,966	(96,996)	1,299,500	(97,538)	(97,538)	1,223,970		1,322,040	1,266,020	(112,032)	(132,944)	1,210,008
-	(8,167,603)	-	(8,280,415)	(8,280,415)	(8,167,603)	Health	-	-	(7,918,999)	(7,492,019)	(7,918,999)
-	(1,861,203)	-	(1,869,608)	(1,869,608)	(1,861,203)	HEALTH ADMINISTRATION	-	-	(1,972,271)	(1,986,973)	(1,972,271)
-	(1,101,808)	-	(1,065,545)	(1,065,545)	(1,101,808)	ENVIRONMENTAL HEALTH	-	-	(1,289,913)	(1,315,690)	(1,289,913)
-	-	-	-	-	-	POTCH CLINIC	-	-	-	-	-
-	(121,105)	-	(186,945)	(186,945)	(121,105)	TOP CITY CLINIC	-	-	(198,686)	(206,679)	(198,686)
-	(15,241)	-	(15,391)	(15,391)	(15,241)	PEST CONTROL	-	-	-	(920)	-
-	(699,220)	-	(65,114)	(65,114)	(699,220)	LESEGO CLINIC	-	-	(72,488)	(76,407)	(72,488)
-	(1,194,119)	-	(1,230,843)	(1,230,843)	(1,194,119)	REST ROOMS	-	-	(1,325,194)	(1,307,421)	(1,325,194)
-	(65,897)	-	(229,412)	(229,412)	(65,897)	PROMOSA CLINIC	-	-	(255,657)	(271,225)	(255,657)
-	(1,085,150)	-	(1,093,559)	(1,093,559)	(1,085,150)	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	-	(965,983)	(965,983)	(965,193)
-	-	-	(144,622)	(144,622)	-	STEVE TSWETE CLINIC	-	-	(145,354)	(153,212)	(145,354)
-	-	-	-	-	-	HOME BASED CARE	-	-	-	-	-
-	-	-	(148,535)	(148,535)	-	BOKI TLHAPI CLINIC	-	-	(322,853)	(189,360)	(322,853)
-	(62,153)	-	(62,153)	(62,153)	-	MOHADIN CLINIC	-	-	(58,727)	(62,141)	(58,727)
-	(1,851,003)	-	(1,875,715)	(1,875,715)	(1,851,003)	INTERNAL AUDIT	-	-	(1,229,302)	(713,046)	(1,229,302)
-	(245,397)	-	(245,397)	(245,397)	(151,678)	SUPPLY CHAIN	-	-	(74,255)	(100,618)	(74,255)
-	(21,177)	-	(47,576)	(47,576)	(21,177)	QUALITY ASSURANCE	-	-	(9,106)	(142,344)	(9,106)
2,903,911	(44,617,293)	2,452,138	(47,067,346)	(47,067,346)	(41,713,382)	Community and social services	7,930,602	2,093,955	(51,636,599)	(50,668,052)	(43,705,997)
504,175	(2,516,660)	497,800	(2,645,454)	(2,645,454)	(2,012,465)	CEMETERY	677,965	677,285	(3,382,944)	(3,041,967)	(2,704,979)
442,610	(64,422)	447,000	(66,500)	(66,500)	378,188	CEMETERY PROMOSA	274,413	350,053	(54,902)	(62,675)	219,511
50	(43,514)	4,525	(49,300)	(49,300)	(43,464)	CEMETERY HOSKINS	260	5,000	(45,860)	(56,250)	(45,599)
28,523	(1,033,891)	21,000	(1,065,534)	(1,065,534)	(1,005,368)	CEMETERY IKAGENG	34,530	34,474	(1,131,122)	(1,109,303)	(1,096,592)
-	(109,378)	-	(164,483)	(164,483)	(109,278)	CEMETERY REGIONAL	-	-	(109,271)	(137,513)	(109,271)
1,545,681	(13,634,452)	1,083,416	(13,383,033)	(13,383,033)	(12,088,770)	LIBRARY	1,167,668	434,998	(13,274,746)	(13,678,970)	(12,107,081)
1,009	(371,748)	3,500	(413,473)	(413,473)	(370,740)	LIBRARY KANONNERSPARK	22,628	22,628	(309,613)	(337,945)	(286,985)
72,242	(287,801)	2,550	(352,010)	(352,010)	(215,559)	LIBRARY MOHADIN	17,882	17,881	(357,286)	(395,460)	(339,405)
827	(827,347)	83,563	(910,995)	(910,995)	(826,520)	LIBRARY PROMOSA	22,943	23,093	(1,033,264)	(1,033,264)	(970,787)
1,330	(1,065,665)	11,750	(1,484,984)	(1,484,984)	(1,064,335)	LIBRARY IKAGENG	33,351	33,351	(1,317,587)	(1,424,805)	(1,284,236)
680	(724,127)	750	(777,940)	(777,940)	(723,467)	LIBRARY PELENG	49,432	50,081	(731,992)	(780,332)	(682,561)
137,167	(1,576,765)	148,413	(1,714,469)	(1,714,469)	(1,439,599)	CIVIC CENTRE	306	52,161	(1,057,790)	(1,280,301)	(1,057,464)
128,046	(1,747,618)	109,000	(4,987,923)	(4,987,923)	(1,619,572)	COMMUNITY CENTRES	198,584	255,593	(5,748,353)	(5,908,748)	(5,549,770)
8,074	(20,224)	13,000	(21,850)	(21,850)	(12,150)	LAPA	9,066	9,066	-	-	9,066
-	(8,746,631)	-	(7,098,151)	(7,098,151)	(8,746,631)	DAN TLOOME COMPLEX	-	-	(8,433,816)	(7,309,943)	(8,433,816)
3,000	(3,933,032)	-	(4,088,765)	(4,088,765)	(3,930,032)	CULTURE PROMOTION	5,381,913	78,629	(4,437,532)	(4,651,358)	944,380
30,518	(4,750,622)	24,871	(4,589,736)	(4,589,736)	(4,720,104)	CITY HALL BOARD ROOM AND OFFICES	39,663	39,662	(5,008,234)	(5,381,905)	(4,968,572)
-	(3,163,396)	-	(3,232,726)	(3,232,726)	(3,163,396)	DEPT. ENV. MANAGEMENT ADMINISTRATION	-	-	(5,241,818)	(4,077,313)	(5,241,818)
-	(6,114,048)	-	(5,082,672)	(5,082,672)	(6,114,048)	Housing ADMINISTRATION	-	-	(6,644,464)	(5,110,361)	(6,644,464)

39,087,850	43,484,806	(58,538,331)	(58,887,884)	(19,450,481)	Public Safety	91,029,057	8,880,062	(61,578,607)	(60,313,957)	29,450,450
60,376	-	(6,143,834)	(5,910,350)	(6,143,834)	PUBLIC SAFETY ADMINISTRATION	-	-	(7,085,424)	(7,085,424)	(7,061,902)
3,332,704	55,000	(22,025,151)	(22,217,268)	(21,964,775)	FIRE BRIGADE	86,060	1,420,315	(21,570,341)	(21,570,341)	(21,484,281)
-	3,320,000	(2,124,449)	(2,200,334)	1,208,256	FIRE EMERGENCY TRAINING	923,173	900,000	(1,279,491)	(1,279,491)	(326,739)
-	-	(565,726)	(614,373)	(565,726)	FIRE SAFETY	-	-	(555,548)	(551,827)	(555,548)
-	-	(3,273,964)	(3,289,390)	(3,273,964)	DISASTER MANAGEMENT	-	-	(5,547,708)	(5,378,929)	(5,547,708)
1,053,014	-	-	-	1,053,014	PARKING	-	-	-	-	-
34,641,756	40,109,806	(19,306,683)	(19,536,165)	15,335,072	TRAFFIC DEPARTMENT	90,019,824	6,559,747	(20,709,378)	(19,617,036)	69,310,446
-	-	(463,762)	(463,768)	(463,762)	LEGAL COMPLIANCE OFFICE	-	-	(13,647)	(141,804)	(141,804)
-	-	(4,634,762)	(4,636,236)	(4,634,762)	TRAFFIC ENGINEERING	-	-	(4,742,014)	(4,707,972)	(4,742,014)
5,076,820	4,313,531	(47,079,246)	(45,288,115)	(42,002,427)	Sport and recreation	3,387,988	3,974,410	(53,887,105)	(52,418,943)	(50,599,117)
4,517	1,100	(321,132)	(321,408)	(316,615)	COUNTRY CLUB	4,517	4,516	(352,329)	(347,812)	(347,812)
3,011,470	2,952,271	(11,205,140)	(10,846,164)	(8,193,670)	LAKESIDE RECREATION RESORT	3,004,066	3,036,619	(11,886,902)	(11,863,842)	(8,882,836)
-	-	(274,720)	(301,051)	(274,720)	LAKESIDE SWIMMING POOL	-	-	(324,240)	(333,564)	(324,240)
-	-	(212,198)	(233,923)	(212,198)	LAKESIDE LANDS	-	-	(218,817)	(218,817)	(218,817)
48,737	50,000	(95,285)	(130,205)	(46,548)	AERODROME	45,523	45,522	(157,291)	(16,198)	(111,768)
-	-	-	-	-	PARKS: PLANTATION	-	-	-	-	-
1,030,820	267,984	(2,009,364)	(1,655,457)	(978,543)	PARKS RECREATION	53,860	835,844	(2,884,225)	(2,695,700)	(2,830,365)
6,713	-	(1,608,690)	(1,761,407)	(1,601,977)	ATHLETICS	1,698	778	(2,067,267)	(1,926,428)	(2,065,569)
-	-	(355,000)	(355,000)	(355,000)	NORTH WEST CRICKET	-	-	(353,369)	(357,500)	(353,369)
-	-	(556)	(10,084)	(556)	HIKING TRAILS	-	-	(2,976)	(8,160)	(2,976)
2,250	2,500	(4,425,527)	(4,453,280)	(4,423,277)	PLANTS	220	220	(5,453,412)	(5,492,373)	(5,453,192)
-	-	(2,038,391)	(2,049,229)	(2,038,391)	OPEN TERRAINS	-	-	(2,717,826)	(2,740,578)	(2,717,826)
703,504	772,043	(7,861,835)	(6,071,632)	(7,158,331)	SPORTS	27,510	10,645	(8,349,938)	(6,655,558)	(8,322,427)
99,750	99,750	(100,736)	(126,686)	(986)	MOHADIN SPORT & RECREATION	14,900	-	(128,340)	(150,186)	(113,440)
4,436	-	(267,386)	(293,592)	(262,950)	PROMOSA SPORT & RECREATION	3,741	731	(218,315)	(285,469)	(214,573)
97,966	122,752	(766,885)	(835,247)	(668,918)	IKAGENG SPORT & RECREATION	33,517	66,660	(979,993)	(946,476)	(1,021,448)
-	-	(3,337,203)	(3,354,587)	(3,337,203)	STREET TREES	-	-	(3,749,683)	(3,762,689)	(3,749,683)
-	-	(3,331,713)	(3,497,052)	(3,331,713)	PARKS ADMINISTRATION	-	-	(3,793,568)	(3,793,568)	(3,349,366)
-	-	(5,570,328)	(5,575,262)	(5,570,328)	LAWN/MOWING SERVICES	-	-	(6,459,073)	(6,468,348)	(6,459,073)
-	-	(1,430,966)	(1,463,816)	(1,398,491)	POTCH SWIMMING POOL	61,406	61,000	(2,247,406)	(2,182,461)	(2,186,000)
32,477	10,631	(660,950)	(707,195)	(660,950)	IKAGENG SWIMMING POOL	-	-	(669,941)	(721,514)	(669,941)
-	-	(688,502)	(679,768)	(666,281)	MOHADIN SWIMMING POOL	22,049	21,195	(718,801)	(696,752)	(696,752)
11,959	13,500	(516,739)	(546,080)	(504,780)	PROMOSA SWIMMING POOL	14,982	24,000	(597,597)	(616,232)	(582,615)
-	-	(3,349,494)	(3,399,311)	(3,349,494)	Environmental protection	-	-	-	-	(3,523,039)
-	-	(3,349,494)	(3,399,311)	(3,349,494)	ENVIRONMENTAL MANAGEMENT	-	-	(3,523,039)	(3,572,412)	(3,523,039)
88,380,215	88,773,336	(104,776,740)	(103,147,741)	(16,396,524)	Waste management	169,191,939	172,453,534	(115,543,869)	(117,543,959)	53,697,070
10,300	20,000	(14,236,798)	(13,152,553)	(14,226,498)	CIVIL ENG: ADMINISTRATION	-	-	(12,990,571)	(12,990,571)	(13,165,334)
-	-	(2,537,268)	(2,595,000)	(2,537,268)	CIVIL ENG: STORM WATER DRAINAGE	-	-	(3,571,839)	(3,576,000)	(3,571,839)
-	-	(5,770,694)	(5,887,654)	(5,770,694)	CLEANSING STREETS	-	-	(6,433,944)	(6,285,452)	(6,433,944)
-	-	(7,153,203)	(7,169,385)	(7,153,203)	PAVEMENTS	-	-	(7,929,525)	(7,954,934)	(7,929,525)
-	-	(308,247)	(333,219)	(308,247)	CIVIL ENG: CLEANSING SAN AND VACUUM	-	-	(421,505)	(443,114)	(421,505)
38,101,224	38,100,893	(25,451,222)	(25,933,200)	12,650,002	REFUSE REMOVAL	40,821,792	40,821,791	(32,019,436)	(32,101,922)	8,802,355
50,842,842	51,210,751	(6,941,262)	(6,995,000)	43,901,581	CIVIL ENG: SEWERAGE ADMINISTRATION	55,636,923	55,636,989	(1,231,201)	(1,336,000)	54,405,722
194,501	(559,308)	(19,238,277)	(17,284,442)	(19,043,776)	CIVIL ENG: SEWERAGE/RETICULATION NETW	157,086	156,053	(19,627,755)	(20,620,763)	(19,470,669)
(768,652)	-	(4,777,233)	(4,818,813)	(5,545,885)	MAIN SEWERAGE PUMPING STATION	-	-	(5,600,666)	(5,726,247)	(5,726,247)
-	-	(15,664,659)	(15,968,021)	(15,664,659)	SEWERAGE PURIFICATION WORKS	702	39,299	(20,992,087)	(21,731,257)	(20,991,385)
-	-	(2,697,677)	(3,010,454)	(2,697,677)	PROJECT MANAGEMENT UNIT	72,575,437	75,878,000	(4,375,995)	(4,903,279)	68,199,441

12,181,516	12,125,594	(106,469,360)	(116,806,432)	(94,287,844)	Road transport	12,628,146	12,629,242	(102,813,979)	(105,228,637)	(90,185,833)
6,874,866	6,841,948	(3,359,484)	(3,440,850)	3,515,382	LICENSING	7,503,242	7,503,242	(3,678,096)	(3,724,131)	3,825,145
5,306,650	5,286,646	(6,251,158)	(6,208,079)	(944,308)	TEST GROUNDS	5,124,904	5,126,000	(6,747,384)	(6,871,515)	(1,822,480)
-	-	(6,370,661)	(6,210,960)	(6,370,661)	MECHANICAL WORKSHOP	-	-	(6,587,358)	(6,840,459)	(6,587,358)
-	-	-	-	-	CIVIL ENG:SUSPENSE	-	-	-	-	-
-	-	(90,378,740)	(100,803,843)	(90,378,740)	CIVIL ENG: ROAD AND STREET WORKS	-	-	(85,691,759)	(87,683,032)	(85,691,759)
-	-	(109,318)	(142,900)	(109,318)	CIVIL ENG: RAILWAY PITCH INDUSTRIA	-	-	(109,382)	(109,500)	(109,382)
101,338,448	96,546,569	(65,630,643)	(62,465,268)	35,707,805	Water	97,361,020	98,634,026	(74,068,223)	(75,052,235)	23,302,797
-	-	(31,356,950)	(31,490,399)	(31,356,950)	WATER PURIFICATION	-	-	(37,423,394)	(39,995,779)	(37,423,394)
-	-	(1,824,739)	(1,939,037)	(1,824,739)	WATER RETICULATION	-	-	(2,182,202)	(2,214,660)	(2,182,202)
9,523,132	9,424,429	(32,448,954)	(29,035,832)	(22,925,822)	CIVIL ENG: WATER INTERNAL RETICULATION	515,760	1,800,333	(34,452,827)	(32,841,796)	(33,936,866)
91,815,316	87,122,140	-	-	91,815,316	CIVIL ENG: WATER INCOME	96,845,259	96,833,693	-	-	96,845,259
562,002,414	565,374,644	(390,348,455)	(395,471,158)	171,653,959	Electricity	632,307,012	632,399,285	(448,318,903)	(449,690,522)	184,488,109
-	-	(6,445,404)	(7,956,318)	(6,445,404)	ELECTRICITY: STREET LIGHTING	-	-	(10,471,921)	(10,740,615)	(10,471,921)
-	-	(332,146,584)	(333,523,850)	(332,146,584)	ELECTRICITY: PURCHASES (URBAN)	-	-	(372,501,358)	(372,501,358)	-
-	-	-	-	-	ELECTRICITY: SUSPENSE	-	-	-	-	-
9,421,963	9,410,402	(44,593,046)	(47,071,193)	(35,171,083)	ELECTRICITY: DISTRIBUTION	1,085,016	1,085,000	(59,327,961)	(59,921,722)	(58,242,945)
2,406,531	2,876,480	(2,543,833)	(2,551,028)	(137,302)	ELECTRICITY: MANAGEMENT	2,810,529	2,810,221	(3,197,090)	(3,205,485)	(386,562)
-	-	(1,833,787)	(1,540,328)	(1,833,787)	ELECTRICITY: READING OF METERS	-	-	(940,954)	(947,250)	(940,954)
16,887,140	16,887,140	(1,246,080)	(1,284,268)	15,641,080	ELECTRICITY: RURAL	20,914,308	20,980,952	(1,302,145)	(1,310,950)	19,612,163
(10,160)	(10,712)	(1,539,720)	(1,544,173)	(1,549,880)	ELECTRICITY: TRADING SERVICES	1,104	552	(577,474)	(595,200)	(576,370)
533,296,941	536,211,394	-	-	533,296,941	ELECTRICITY: INCOME (URBAN)	607,996,055	607,422,560	-	-	607,996,055
1,151,147,536	1,157,000,000	(1,182,909,594)	(1,210,000,000)	(31,762,058)	GRAND TOTAL	1,318,148,281	1,227,857,321	(1,305,271,876)	(1,234,783,287)	12,876,405

APPENDIX E(1)
TLOKWE CITY COUNCIL
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2016

Description	2015/2016 Actual R	2015/2016 Budget R	2015/2016 Variance R	2015/2016 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	130,824,200	130,851,717	(27,517)	0%	No explanation needed variance under 10%
Service Charges	777,569,230	824,309,393	(46,740,163)	-6%	No explanation needed variance under 10%
Rental of Facilities and Equipment	4,144,805	4,107,435	37,370	1%	No explanation needed variance under 10%
Interest Earned - External Investments	19,978,135	23,700,000	(3,721,865)	-19%	Investments decreased from original calculations
Interest Earned - Outstanding Debtors	9,175,045	9,137,451	37,594	0%	No explanation needed variance under 10%
Fines	89,976,804	6,518,038	83,458,766	93%	Budgeted on cash basis and not accrual based
Licences and Permits	4,826,676	4,827,000	(324)	0%	No explanation needed variance under 10%
Income for Agency Services	288,678	288,678	0	0%	No explanation needed variance under 10%
Government Grants and Subsidies	208,993,610	204,634,879	4,358,731	2%	No explanation needed variance under 10%
Public Contributions and Donations	5,307,283	4,000	5,303,283	100%	Donations were received from District Municipality
Other Income	19,062,509	19,579,038	(516,529)	-3%	No explanation needed variance under 10%
Income foregone	-	-	-	100%	No income foregone has been invoiced.
Total Revenue	1,270,146,975		42,189,346		
EXPENDITURE					
Employee Related Costs	304,267,799	311,940,535	(7,672,736)	-3%	No explanation needed variance under 10%
Remuneration of Councillors	17,633,820	17,647,311	(13,491)	0%	No explanation needed variance under 10%
Depreciation	175,555,587	172,652,986	2,902,601	2%	No explanation needed variance under 10%
Impairment Losses	77,169,443	5,000,000	72,169,443	94%	Movement in provision for impairment
Interest Paid	2,663,463	3,616,840	(953,377)	-36%	Long-term Liabilities was settled during the year
Bulk Purchases	390,742,574	393,498,300	(2,755,726)	-1%	No explanation needed variance under 10%
Contracted Services	63,892,956	66,992,848	(3,099,892)	-5%	No explanation needed variance under 10%
Grants and Subsidies Paid	57,550,624	50,752,685	6,797,939	12%	Decrease in Indigent grant
General Expenses	129,051,693	181,179,259	(52,127,566)	-40%	Interdepartmental charges was included in the budget.
Sale / Transfer of Assets	37,608,505	31,602,831	6,005,674	16%	Disposal/Transfer of PPE and Land more than expected
Total Expenditure	1,256,136,463	1,234,883,595	21,252,868		
NET SURPLUS / (DEFICIT) FOR THE YEAR	14,010,511	(1,234,883,595)	1,248,894,106		

APPENDIX E(2) TLOKWE CITY COUNCIL ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2016						
Description	2015/2016 Actual R	2015/2016 Total Additions R	2015/2016 Budget R	2015/2016 Variance R	2015/2016 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Executive and Council	1,123,384	1,123,384	2,477,795	(1,354,411)	(55)	Lengthy Supply Chain Process (Roll Overs)
Finance and Administration	7,722,204	7,722,204	8,396,038	(673,834)	(8)	No explanation needed variance under 10%
Planning and Development	4,000	4,000	-	4,000	100	Donation received not expected - immaterial amount
Community and Social Services	621,971	621,971	889,346	(267,375)	(30)	Lengthy Supply Chain Process (Roll Overs)
Public Safety	5,028,369	5,028,369	11,575,511	(6,547,142)	(57)	Lengthy Supply Chain Process (Roll Overs)
Sport and Recreation	13,282,990	13,282,990	16,137,181	(2,854,191)	(18)	Lengthy Supply Chain Process (Roll Overs)
Environmental Protection	663,356	663,356	1,119,395	(456,039)	(41)	Lengthy Supply Chain Process (Roll Overs)
Waste Management	44,906,488	44,906,488	67,116,634	(22,210,146)	(33)	Lengthy Supply Chain Process (Roll Overs)
Road Transport	53,165,574	53,165,574	54,001,270	(835,696)	(2)	No explanation needed variance under 10%
Water	47,391,832	47,391,832	63,073,385	(15,681,553)	(25)	Lengthy Supply Chain Process (Roll Overs)
Electricity	-	46,813,854	52,925,944	(6,112,090)	(12)	Lengthy Supply Chain Process (Roll Overs)
Other	-	-	-	-	-	-
Total	173,910,167	220,724,020	277,712,499	(56,988,479)	(179)	

APPENDIX F
TLOKWE CITY COUNCIL
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue See below	Reason for Non-compliance
		TOTAL	Sept	Dec	March	June	TOTAL	Sept	Dec	March	June	Sept	Dec	March	June	
SDR Dobmitse Research Program	LDM	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Southern District Clean-up Campaign	LDM	20,000	-	-	20,000	-	20,000	-	-	-	20,000	N/A	N/A	N/A	Yes	N/A
Mohadi Library	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Public Transport Infrastructure	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Library	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Library: Special projects	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
E.P.W.P	Province	1,284,000	514,000	385,000	385,000	-	1,284,000	300,000	374,000	460,000	150,000	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	119,625,000	49,844,000	32,050,000	37,731,000	-	119,625,000	29,906,250	29,906,250	29,906,250	29,906,250	N/A	N/A	N/A	Yes	N/A
MIG	Nat Treasury	77,028,000	17,238,000	22,605,000	37,185,000	-	72,575,437	19,615,834	16,860,781	5,886,930	30,411,892	N/A	N/A	N/A	Yes	N/A
MSG	Nat Treasury	930,000	930,000	-	-	-	930,000	232,500	232,500	232,500	232,500	N/A	N/A	N/A	Yes	N/A
FMS	Nat Treasury	1,600,000	1,600,000	-	-	-	1,600,000	400,000	400,000	400,000	400,000	N/A	N/A	N/A	Yes	N/A
Fire and Emergency	Nat Treasury	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Land Use Management	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Constitutional	Province	-	-	-	-	-	74,630	74,630	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Projects Promoting Culture	Province	-	-	-	-	-	74,630	-	9,500	65,130	-	N/A	N/A	N/A	Yes	N/A
LED Business Initiative	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
LED Tourism Initiative	Province	-	-	-	-	-	193,956	-	-	193,956	-	N/A	N/A	N/A	Yes	N/A
SETA	Nat Treasury	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Promoting Culture	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Township History Jazz	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Education and Exchange	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
NER	Nat Treasury	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Economic and Growth Development	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
City Branding	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Main Library Extension	Province	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Sports Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Lake Resort	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Tshepo	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Tshepo	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Morija Stadium	Other	-	-	-	-	-	14,900	-	14,900	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Kagiso Stadium	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Promosa Stadium	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Kagiso Parks	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Lotto - Saralana Sport Facilities	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Disaster Management	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Sports and Culture	Province	1,200,000	800,000	-	-	-	246,053	188,783	-	28,790	-	N/A	N/A	N/A	Yes	N/A
Neighbourhood Participation	Other	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		200,087,000	70,926,000	55,440,000	75,321,000	-	196,538,605	50,717,977	47,597,931	37,173,555	61,149,142					

GENERAL STATISTICS**2016****2015****Population** (Census 2011)

162 762

162 762

Registered voters

116 321

92 914

Valuations:**Total valuation**

Taxable Property

R 30 706 399 800

R 29 381 984 950

Non Taxable Property

R 2 376 310 550

R 2 450 018 550

Total Property**R 33 082 710 350****R 31 832 003 500**

Residential

R 19 433 322 400

R 18 366 482 800

Commercial

R 3 103 547 000

R 2 978 122 000

Valuation Date

1 July 2012

1 July 2012

Assessment Rates

Basic tariff (per rand)

36.52c

34.45c

Rebate for approved indigents

50%

50%

No assessment rates are levied on the first R20 000 of the market value of residential properties.

Employees:

Number of employees in service

1 188

1 212

Electricity:

Units (kWh) purchased

467 511 792

469 831 315

Purchase cost per kWh

79.66c

70.65c

Units (kWh) sold

441 355 152

424 434 437

Units (kWh) lost with distribution

26 156 640

45 396 878

Percentage lost with distribution

5.60%

9.66%

Cost per unit sold

95.46c

92.22c

Income per unit sold

124.22c

128.65c

Water:

kl purchased

20 368 985

17 127 067

Purchased cost per kiloliter

R 1.98

R 3.63

kl sold

18 809 986

16 324 560

kl lost with distribution

1 558 999

802 507

Percentage lost with distribution

7.65%

4.69%

Cost per kl sold

R 3.86

R 3.80

Income per kl sold

R 5.13

R 5.66